



**West European
housing systems in a
comparative perspective**

Harry van der Heijden

West European housing systems in a comparative perspective

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Preface

It took a long time – too long – before I could start writing this preface. After completing our first international comparative study in 1993, I agreed with Hugo Priemus, Johan Conijn (who together formed the Board of the OTB at the time) and Peter Boelhouwer (then my research group coordinator) about doing a PhD. That I have now finally finished it, twenty years later, is ‘thanks’ in no small measure to Hugo’s 70th birthday in October 2012. Only PhD theses that have been approved before this date can still be supervised by Hugo Priemus. It is thus that I can claim the (dubious) honour of being among the last, or perhaps even the very last PhD student to be supervised by Hugo Priemus.

The whys and wherefores of the long road I travelled I will leave to psychologists to unravel. Suffice it to say that there was an unceasing stream of interesting research projects at OTB, all too tempting to pass up, and that keeping our research group up and running in the recent years of budget cuts has taken considerable time and energy. Even when it became apparent in the spring of 2012 that October was an immutable deadline, it still took several months before I got around to the putting the finishing touches on this thesis. In the end, six weeks during the summer holiday proved to be enough.

Incidentally, the long road it took to get here also had its advantages. In that time, the number of articles available to draw upon for a thesis grew. And from the final selection, it is clear to me that recent years have witnessed particularly great strides in international comparative research at OTB. While my PhD supervisors would caution me that this is not a valid selection criterion, I am pleased that the articles presented in this thesis provide a clear window on the development of the international research in which I have been involved at OTB over the last decades. And equally that the research group members with whom I have worked side by side are also ‘represented’ as co-authors in this thesis.

Professor Peter Boelhouwer and Professor Hugo Priemus have served as my PhD supervisors during this long process. It is probably fair to say that, in recent years, they have spent more time asking with quiet insistence after my progress than on supervision of the dissertation’s actual content. I would like to thank both of them for their patience and for their valuable comments and criticisms on the introductory and concluding chapters of this thesis. And of course I would especially like to thank Hugo Priemus, who in 1990 secured the funding for the first international comparative study at OTB from what was then the Dutch Ministry of Housing, Spatial Planning and the Environment, and subsequently succeeded in obtaining a Bsik grant to finance the ‘System Innovation Urban and Regional Land-use and Area Development’ programme over the years from 2004 to 2009.

I am also much indebted to everyone who provided input for the various chapters of this book: Peter Boelhouwer (Chapters 2 and 3), Kees Dol (Chapter 5), Marja Elsinga (Chapters 7 and 8), Marietta Haffner (Chapters 4, 7 and 8), Joris Hoekstra (Chapter 4) and Michael Oxley (Chapters 4, 5 and 7). Beyond

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Finally, many thanks to Elianne, Ineke, Joline, Joyce, Jeanet, Mary and Itziar and Dirk. Without you, this book – to which this is the preface – would never have looked as wonderful as it does.

I would like to dedicate this dissertation to my father. I am certain he would have given it a special space in his bookcase.

Willeke, Iris and Esther – I think I can safely say that I did not bother you too much with this thesis, although finishing it did of course cost Willeke a summer holiday. I promise to make it up to you.

Harry van der Heijden,
Delft, August 2012

1 Introduction

1.1 Introduction

In the early 1990s the OTB Research Institute for the Built Environment started working on a large-scale comparative analysis of housing systems in Europe. The project was split into modules and received its initial funding from what was then the Dutch Ministry of Housing, Spatial Planning and the Environment. The aim was to derive a clearer understanding of housing policy and housing systems in a number of Western European countries. This would then serve as a mirror for the current policy in the Netherlands (Boelhouwer and Van der Heijden, 1992) and assist in the framing of future policy.

The project started with two studies: 'General Policy Framework' (Algemeen beleidskader, Boelhouwer and Van der Heijden, 1992) and 'Financial Instruments' (Financiële instrumenten, Papa, 1992), which were followed by 'Housing Expenses' (Woonuitgaven, Menkveld, 1992; Menkveld 1993; Boelhouwer and Menkveld 1996; Van der Heijden *et al.*, 2002), 'Housing Management in the Rental Sector' (Woningbeheer in de huursector, Van de Ven, 1995), 'Fiscal Treatment of Home Ownership' (Fiscale behandeling van het eigen woningbezit, Haffner, 1992; 1999), 'Urban Renewal in a European Perspective' (Stadsvernieuwing in Europees perspectief, Priemus and Metselaar, 1992) and studies on the potential impacts of the European economic and monetary union on national housing policy (Priemus *et al.*, 1993). The research covered seven countries in Western Europe, viz.: the Netherlands, Belgium, Denmark, Germany, France, Great Britain and Sweden, which were chosen on the basis of proximity, the availability of information, a presupposed spread in the policy approach, and anticipated relevance for the Dutch situation. The project was limited to these seven countries because, in an era that was still only partly digitised, the collection of data for international comparative analysis demanded huge amounts of time and energy.

The above studies were largely descriptive with ample scope for in-depth accounts of the situation in each country; the similarities and differences among the various countries were identified and analysed, usually in relation to a specific theme. This does not imply, however, that theory played no role at all. The analyses were not performed on the basis of one particular theoretical approach, nor were one or more theories explicitly put to the test, but the key aspects of the main theoretical approaches to the development of housing were specifically addressed in the descriptions of the housing systems and their constituent parts.

As the decade progressed and after the turn of the century the international comparative analysis at OTB assumed a new dimension when the emphasis on theory intensified. It began with a closer concentration on Kemeny in 'housing theories' and then embraced economic (non-profit) and sociological (welfare state) theories as well. Housing itself became increasingly anchored in the welfare state or parts thereof. As the theoretical dimension expand-

ed, it generated an interest in the empirical testing of existing theories, and methodology started to play a more prominent role. The funding for international comparative research was also widened and increased. NWO contributions, European research funding and Bsik grants enabled OTB to step up the research and to engage in more working partnerships with universities abroad. Important projects in this respect were OSIS (Origins of Security and Insecurity of Home Ownership) and DEMHOW (Demographic Change and Housing Wealth), both funded by Europe, and 'Bridging the gap between social end market rented housing', funded by Bsik.

More and more international researchers joined OTB for long or short periods. It is largely thanks to their efforts that countries in Western Europe (Austria and Switzerland), Southern Europe (Spain), Eastern Europe, Asia (Korea and China) and Central America were added to the study. There was also a sharp upturn in the number of academic publications. The funding for international comparative research has diminished in recent years but our knowledge and skills in this area have been significantly enhanced.

This thesis follows the development of OTB in international comparative research on housing, not so much in respect of the number of countries, but rather in the transition from descriptive analysis to theoretical exploration and the growing relevance of methodology. Accordingly, the opening articles, written in the 1990s, are mainly descriptive in nature. Basically, they use 'descriptions of countries' to home in on the similarities and differences in the development of – parts of – national housing systems. The closing article, on the other hand, focuses on theory with barely any reference to empirical data. Strictly speaking, it has very little to do with international comparative analysis, since its main objective is to subject one of Kemeny's theoretical models to a reality test.

The main objective of this thesis is to fuel the academic debate on international comparative housing research by providing deeper insight into methodology and by assessing the viability of existing theories as a framework for analysing similarities and differences in the development of housing systems in Western Europe. Moreover, the usefulness of this framework for future policy making plays an important role.

Since this thesis is about the development of housing systems, the concept of a housing system is defined in Section 1.2. Path dependency and the relationship between housing systems and welfare states are also explored. As an introduction to and framework for the subsequent chapters, Section 1.3 discusses the main theoretical approaches in international comparative research viz.: the convergence theory as applied by Donnison to housing (1969; Donnison and Ungerson, 1982), Harloe's cyclical theory about the rental sector (1995) with the underlying 'Structures of Housing Provision' approach by Ball, Harloe and Martens (1988), and finally, Kemeny's divergence theory on the development of the rental market (Kemeny, 1992; 1995 and Kemeny et

al., 2005). Particular attention is paid to the explanatory mechanisms behind the typologies stemming from these approaches. This section ends with an evaluation of the different theories. Section 1.4 addresses different methods in international comparative research and Section 1.5 presents the research questions. Section 1.6 concentrates on data and the selection of countries and concludes with an introduction to the following chapters.

1.2 Defining a housing system

In 1983 Priemus defined a housing system as the complex of actors, including their many relationships and interactions, that are involved in housing. He referred to Bourne (1981: 12), who speaks of ‘a typically vague but convenient shorthand expression to encompass the full range of interrelationships between all of the actors (individual and corporate), housing units and institutions involved in the production, consumption and regulation of housing. It is thus a much broader term than housing market or sector’. Priemus also stresses the importance of context in the development of a housing system (1983: 5), particularly the economic, demographic, political and spatial factors which influence the system and are themselves influenced by the housing system in turn.

Boelhouwer and Van der Heijden (1992; see Chapter 2) build on Priemus’ definition by distinguishing between the organisation of the housing market (the institutional structure), the actors and the housing policy. These factors interact with exogenic factors (the context) to determine the objective characteristics of housing markets. These characteristics relate to the system output and include the size and composition of the housing stock, the production level, the distribution of households across the stock and the housing expenses-to-income ratio.

The latest OTB research programme, ‘Housing Systems’, also takes the interaction between actors and institutions as its starting point. In this programme a (housing) system is defined as a composition of organised parts that interact in time and space (Bekebrede and Mayer, 2006). Van der Heijden *et al.* (2011, see Chapter 5) expatiate on this definition by identifying supply, demand and institutions as the main constituents. The key agents on the demand side are households with their housing preferences. The key agents on the supply side are the producers of housing and housing services, such as building firms, developers, and commercial and social landlords. An additional role is played by intermediaries, such as estate agents and property consultants (Pahl, 1970), who try to reconcile supply and demand. The institutions are the rules, norms and regulations under which a system functions (Keoch and D’Arcy, 1999 in Oxley, 2004). Demand, supply and institutions meet on the housing market and generate the outcomes of the system.

Since the housing system is part of a wider societal system, its different parts are influenced by broader, external factors such as economic, socio-cultural and demographic trends. Needless to say, housing outcomes, in turn, have an impact on these broader factors.

Differences can emerge in the concrete way a housing system is made operational; it all depends on the aim of the research. Two elements are important: the interaction between the actors and the institutions 'within' the housing system and the interaction between the housing system and the context. As there is no clear dividing line between the housing system and the context, a closer look at two aspects – the role of the past in the development of the housing system and the relationship between housing and the welfare state – might prove productive.

Path dependency

A clear understanding of the role of the past, particularly in terms of the consequences of past policy and the formation of institutions, is an essential prerequisite in order to identify the similarities and differences between housing systems and the current and intended policy. Usually the past is regarded as part of the context of a housing system (see Section 1.4). In Boelhouwer and Van der Heijden (1992) we attached so much importance to past policy that we assigned it a place in the housing system (see Chapter 2). This is due to the fact that the research compared the development of housing systems rather than housing systems as such.

The relevance of the past as an explanatory factor for the state of the current housing system and its possible development in the future is expressed in the concept of 'path dependency'. Bengtsson (2012: 161) describes the general idea behind path dependency as follows: "...if, at a certain point in time, the historical development takes one direction instead of another, some, otherwise feasible, alternative paths will be closed, or at least difficult to reach – at a later point." Kleinman (1996: 181) applies path dependency specifically to housing policy: "... countries become locked into particular patterns of policy development at an early stage, for reasons that may be historical, deliberately chosen, or the product of accident. Once locked in, this pattern then constrains future development." Given that an important part of the institutional context for housing evolves through or in interaction with the pursued policy, Kleinman's description, which hinges on policy development, can be expanded to include the institutional context.

Housing systems and the welfare state

Together with education, healthcare and social security, housing is regarded as an integral part of the welfare state. Hence, the 'rest' of the welfare state can be seen as part of the contextualisation for the housing system. Housing occupies a special place in the welfare state. Unlike the other three pil-

lars, it has never been universally available on the basis of need. This difference, which prompted Torgersen (1987: 116) to refer to housing as ‘the wobbly pillar under the welfare state’, can be explained largely by the fact that housing has traditionally been organised via the market and that housing and land do not fall under services or social security but under ‘property’, one of the totems of capitalist ideology (Harloe, 1995). Boelhouwer (2003) adds that it is difficult to compile consistent standard criteria that can be periodically tested. It is, for example, considered unacceptable when, in response to changes in the household situation, the government immediately changes the conditions upon which housing was initially acquired (Boelhouwer, 2003: 2). Kemeny (1995: 174) maintains that the position of housing in the welfare state, though exceptional, is nonetheless central, which means that specific choices in housing policy (see Section 1.3.3) automatically impact on the policy for the other three pillars. He argues that a rental system that functions as a safety net frequently goes hand in hand with a social welfare system that is similarly based on safety net principles and that a housing benefit system in such a model will be restrictive in nature (Kemeny, 1995: 167). Hoekstra (2010) explored the relationship between the welfare state regime (according to Esping-Andersen) and the housing policy regime in Belgium, Norway and the Netherlands, and came to a different conclusion: “Although some correspondence between these two regimes is apparent, their interrelationship is far from univocal. In several cases, the characteristics of the housing policy regime are different from those of the welfare state regime” (Hoekstra, 2010: 169). One of the explanations that he suggests for this difference – referring to Stephens and Fitzpatrick (2007) – is that an interaction exists between the different parts of the welfare state in which the outcomes of one part can be offset by another (see also Stephens, 2011).

The relationship between housing systems and the welfare state is not explicitly explored in this thesis. As indicated earlier, Hoekstra (2010) has already researched this theme in depth. However, the comparable trends in the post-war development of housing systems, which are discussed in the next chapters, do follow the trends identified by Esping-Andersen (1990) in the development of welfare states. Esping-Andersen (1990) ascribes much of the economic success of the first post-war period and the accompanying structure of the welfare state to a ‘contract’ between labour, business and government, and sees the rise of the welfare state as “the major outlet for full-employment pressures, principally in the shape of the deferred social wage ... But, if the social contract was a constant, the institutional arrangements would diverge sharply across nations” (Esping-Andersen, 1990: 187). The situation changed in the course of the 1970s and 1980s, partly as a result of new economic circumstances. Esping-Andersen asserts that the economic crisis was actually strengthened by the limitations of the deferred-wage strategy. Tax revenues declined in a period of economic crisis and unemployment, while the

demands on the welfare state increased: “The welfare state found itself in a situation in which it was either compelled to renounce its original obligations, or to finance the deferred wage increase by deficits” (Esping-Andersen, 1990: 187). Against the background of the European economic and monetary union and the convergence criteria (Priemus *et al.*, 1993) this second option was not realistic for many Western European countries. Besides reducing public spending to facilitate economic stability, governments cut the welfare provisions on the basis of new insights into the workings of the welfare state (Boelhouwer and Van der Heijden, 2005: 77). An alternative philosophy was developed; that of the ‘Enabling State’, whereby people were expected to take action based on empowerment and political rights (Gilbert, 1995). Many countries applied this approach in an attempt to transform the welfare state from a ‘safety net’ into a trampoline (Boelhouwer and Van der Heijden, 2005: 78).

1.3 Theoretical approaches to international comparative analysis

1.3.1 Introduction

Theories have been developed in international comparative research on housing since the 1960s. Three theories that have acquired paradigmatic status over the years are discussed in this Section. The first is the convergence theory, popular in the 1960s and 1970s and still explicitly and implicitly applied today. Donnison applied the convergence theory to the development of housing. The second is a neo-marxist response from the 1980s and 1990s by Ball, Harloe and Martens who developed the concept of ‘Structures of Housing Provision’, which was further fleshed out in by Harloe in a cyclical theory on the development of the social rental sector. The third and last is Kemeny’s divergence theory, developed in the 1980s and 1990s on the basis of labour movement theory (Korpi, 1983; 1987).

1.3.2 The convergence theory

The convergence theory is based on the premise that societies undergo a similar process of development from pre-industrialism to post-industrialism. This process made social policy both necessary and possible: necessary because the pre-industrial social bonds (guilds, family, church) had been broken by industrialisation, urbanisation and individualisation; and possible through the rise of modern bureaucracy and economic development which brought about a shift from subsistence to prosperity. It led to the rise of the welfare state with a key role for the government (Wilensky *et al.*, 1987). This unilinear theory is based explicitly on the trend towards convergence in the

social structure and the content and tenor of government policy. Eventually, this results in a 'mixed economy' with an important role for an interactive and reciprocal relationship between the government and the market (Kerr *et al.*, 1960).

Donnison (1967) and Donnison and Ungerson (1982) applied the convergence theory implicitly to housing, regarding the government as a neutral arbitrator who seeks a solution to housing problems in society within the available economic options. The type of housing problems and the economic options are both tied in with the phase of economic and demographic development in which the society finds itself. Hence, under the influence of the onward march of industrialisation and urbanisation, the social structure of a society becomes more complex. The problems are compounded, creating a need for a comprehensive approach in which housing is seen as part of the welfare state. At the same time, fast economic progress and demographic stabilisation enable the government to assume an overall role which, in turn, leads to a convergence from residual to integrated in the housing situation and the nature of the housing policy, regardless of differences in party political background, ideology or institutional context. According to the convergence theory, differences between the housing situation and the nature of housing policy in different countries are connected with the developmental phase of the individual countries.

In post-industrial societies a government's willingness to tackle new problems is no longer determined by the availability of resources but by political choices. Donnison and Ungerson observe that the complex problems facing post-industrial societies put more pressure on governments to assume responsibility for solving these problems. They point out that governments in some industrialised societies are attempting to abdicate this responsibility, but expect, on the basis of past experience, that these efforts will be merely short-term (Donnison and Ungerson, 1982: 39). Eventually, governments will have to re-assume responsibility for the provision of sufficient and affordable housing of adequate quality and accept housing as an integral part of the welfare state. The convergence theory says nothing about the actual content of housing systems, but it does say that there are 'leaders' and 'laggards' in each phase of the economic development.

1.3.3 Structures of housing provision and Harloe's theory on the social rental sector

In the 1980s the convergence theory was challenged from a neo-marxist angle. Harloe, Ball and Martens (1988) placed the convergence theory in what they termed the 'liberal-interventionist tradition', in which, according to Ball *et al.* (1988: 31-32), policy changes are regarded as the more or less rational answer to the problems of "consumption inequality" that arise in an essen-

tially static institutional context. Hence, the possibility that problems are created by the actions of the market actors is excluded from the analysis from the start and government measures usually fail to deliver the intended effect. Ball and Harloe (1990: 10) argue that subsidies will not result in lower prices for the consumer but more probably in higher revenues for builders, land owners, estate agents and suchlike.

According to Harloe and Martens (1984: 268), housing policy cannot be detached from the workings of the housing system and housing systems do not evolve in isolation from mainstream social and economic developments. They argue for a more detailed approach with a wider scope (Harloe and Martens, 1984: 268) and have devised a research method called 'Structures of Housing Provision' (SHPs). According to this concept, research on housing should concentrate on describing and analysing the development of relationships between the social actors involved in the production, distribution and consumption of housing and housing services in specific housing categories – or SHPs (Ball, 1988: 29; Ball and Harloe, 1990).

The dynamics inherent in SHPs mean that they cannot be defined and then used as a framework for analysing housing policy and consumption. After all, both policy and consumption occur in an ever-changing context (Ball, 1988: 30). The development of SHPs should be empirically determined and cannot be derived from theory because there are no generally definable SHPs. Ball and Harloe apply their SHP approach in a neo-marxist framework in which the desire to accumulate capital is regarded as the main (common) driver of the actions of actors in capitalist societies.

In a later work Harloe (1995) remains committed to the SHP approach but his explanatory analysis places a far stronger emphasis on a number of common, fundamental developments in capitalist societies and thus links in to the regulation theory¹. Harloe identifies three phases in the development of housing systems which are closely connected with the development of the social structure of capital accumulation. In the first phase (early capitalist industrialisation and urbanisation) the dominant ownership category is the commercial rental sector. In the third (post-Fordism) it is the owner-occupier sector. Harloe sees the second phase (Fordism) – in which the social rental sector flourishes – as a transitional state in which the (economic) conditions for large-scale home-ownership are yet to mature.

According to Harloe, the housing supply in capitalist societies evolves primarily via the market. It is only during periods when the market cannot provide proper housing for large groups of the population and when the

¹ In this theory capitalism undergoes periods of prosperity interspersed with crises. During a crisis people search for ways of renewing the system and divergence occurs. When a new 'accumulation regime' is found, a new period of prosperity begins and convergence returns (see Gourevitch, 1986; Jessop, 1990).

unsolved housing shortage has deeper societal and economic implications that there is a decommodified² supply of housing on a reasonably large scale.

Within this framework Harloe identifies three ideal-typical models for the social rental sector in industrialised western countries: the mass model, the residual model and the workers' cooperative model. The third model, which involves a radical attempt to replace commodified forms of housing with decommodified forms, was displaced by the state-regulated and state-financed model in the second half of the twentieth century. The mass model is characterised by extensive social housing programmes, which do not specifically target the lowest income groups and therefore carry very little stigma. These programmes are supported by production grants, with income-based allowances playing a relatively minor role. The residual model is characterised by small-scale new-building programmes, aimed at housing the lowest-income groups. In this model the social rental sector provides housing for politically, economically and socially marginalised groups and is, in effect, stigmatised.

Harloe claims that the mass model appears only in historically specific circumstances, involving a social crisis or a reorganisation of the capitalist regime. The first and shortest period was in the crisis years in the direct aftermath of the First World War. The main function of the social rental sector at that time was to contribute to the restoration of the status quo. The second period was much longer, lasting from the end of the Second World War to the mid-1970s. The ascent of the social rented sector was directly related to the development of the welfare state and was part of the post-war agreement between employers and employees (Harloe, 1995: 524). This 'Fordist' period went into decline in the mid-1970s. In many countries the answer to successive recessions and high unemployment was a return to neo-liberal policy. In Western Europe the housing policy in many countries was characterised by restrictions on government investment, privatisation of parts of the social rental sector, a narrower target group for the social rental sector, and decentralisation (Harloe, 1995: 498) – in other words, a return to the residual model of social housing, directed specifically at lower-income groups. And although there were differences in the way and extent to which this development unfolded in different countries, the trend towards residualisation of the social rental sector was discernible everywhere (Harloe, 1995: 507). Harloe (1995: 10, 11) predicts that this process will continue despite the inability of the private market to provide large groups of the population with adequate and affordable housing. In his estimation a return to the mass model will only take place if a time comes when it is economically relevant to offer social rental housing to a broader category of consumer than just low-income

² Withdrawal from the market due to availability on the basis of need instead of effective demand.

households (Harloe, 1995: 547).

1.3.4 Divergence theory

Kemeny claims that Harloe's theory relies too heavily on the Anglo-Saxon situation and that it does not adequately recognise the (ideological) choices, possible within the capitalist system. Kemeny (1992) places developments in housing in the far wider context of the development of the social structure of society and stresses the role of ideological factors. Although Kemeny's starting point stems from labour movement theory, he believes that the ideological character of the social structure of a society, and not political power, is the decisive factor in explaining differences in the development of welfare states or housing systems. He contends that differences in the social structure of societies are connected with the emergence of different dominant ideologies, which are a reflection of the success of certain vested interests over a number of decades in the determination of the social, economic and political agenda. Ideologies are therefore both a reflection of the organisation of the social structure and a basis for its development. Kemeny sees political power as a means of anchoring an ideology in the social structure via the politico-legislative system. The ideological character of the social structure of a society is expressed – according to him – in the degree of collectivism or privatism. He argues (1992: 112) that welfare states are the political result of collective ideologies which have obtained political dominance.

Kemeny worked out his divergence theory on the basis of this approach (Kemeny, 1995), using the Esping-Andersen typology for welfare states (1990). Whereas Esping-Andersen identifies three welfare regimes (liberal, social democratic and conservative-corporatist), Kemeny identifies two (liberal and corporatist) and thus introduces a collectivism-privatism continuum in the social structure, which he translates into a unitary and a dual rental system. Dual systems appear in liberal welfare states and are characterised by a market strategy based on profit, which prevents direct competition between the profit and the non-profit sector. Accordingly, the government separates the non-profit sector, which works on a cost-price basis, from the commercial rental market and uses it as a safety net. This model which, according to Kemeny, is common in many Anglo-Saxon countries prompts the government, in an effort to maximise market forces, to separate the non-profit sector from the housing market and subject it to stringent regulation. As access to the non-profit sector is limited to low-income groups and the commercial sector with its high rents and limited tenant protection holds very little appeal for many households, the demand is driven strongly in the direction of home ownership.

Unitary rental systems appear in societies with a corporatist and social-democratic structure and originate, according to Kemeny, in the social mar-

ket model in Germany which “attempts to construct markets in such a way as to strike a balance between economic and social priorities and thereby ameliorate the undesirable effects of the market from within” (Kemeny, 1995: 11). Unitary systems promote direct competition between the commercial and the non-profit rental sector. In such systems the non-profit rental sector is not intended solely for low-income groups. In a well-constructed system of rent regulation that applies to both sectors, the rents in the non-profit sector can temper the rents of commercial landlords. In a unitary system commercial landlords are often eligible for subsidies, usually linked to the quality of the housing, tenant protection and rent levels. A unitary rental system implies a level playing field for the different tenures (ownership-neutral policy). Hence, the relationship between the different tenures is determined by consumer choice and not by government policy (Kemeny, 1995: 19). The result, according to Kemeny (1995: 143), is that, in unitary rental markets, there is no uniform development towards a marginalised non-profit rental sector.

A non-profit rental sector has developed in many countries over the years thanks to government support. Kemeny assigns a central role in his theory to the term ‘maturation’ to describe the position this sector acquires in a housing system through time. Basically, maturation is more or less tantamount to solvability. According to Kemeny, the degree of maturation (solvability) dictates the competitive position of the non-profit rental sector on the housing market, because non-profit-making landlords with a high degree of maturity can translate their willingness to accept lower returns on investment into lower rents. In situations where ‘rent pooling’ is combined with demand-driven rents, maturation will be visible in rents that correspond differentially with rents in the commercial sector but are set at a lower level. The period of growth that occurred in the non-profit rental sector in the 1960s and 1970s and the prevalence of long-term loans have led to a relatively immature sector in recent decades. According to Kemeny, object subsidies (which contribute to the maturation process) and rent regulation³ are important factors in strengthening the position of an immature non-profit sector on the housing market (positive discrimination). But sooner or later a point will be reached when the sector can compete independently with other sectors on the housing market.

This is the moment, according to Kemeny (1995), for a conscious or unconscious choice. Is the further development of the non-profit rental sector to be facilitated or constrained? A unitary system will evolve in the first case and a dual system in the second. Either way, the government will take a step

³ In our view rent regulation only makes an indirect contribution to reinforcing the competitive position of non-profit providers since the use of this instrument to prevent market rents from rising to politically unacceptable levels makes it less attractive for commercial landlords to invest in rental housing.

back. A stronger emphasis on market forces in government policy, the phasing-out of object subsidies and rent regulation, a rise in home ownership and a stronger concentration on lower-income groups in the non-profit sector are often considered as typical signs of a development towards a dual system. Kemeny observes that such developments may harbour processes that can lead to different rental systems in the longer term. For example, a stronger emphasis on market forces coupled with the phasing-out of object subsidies and rent deregulation can point to a non-profit sector which has reached an adequate level of maturity. And a rise in the rate of home ownership and a stronger focus on low-income groups in the non-profit sector can point to an improvement in incomes, enabling more households to choose between buying and renting. But, warns Kemeny, this does not mean that households have a 'natural' preference for home ownership (Kemeny, 1995: 139). The concentration of low-income groups in the non-profit sector and the number of privately owned homes will therefore be greater in countries with a dual system than in countries with a unitary rental system.

The spearheads of a policy aimed at restricting the further development of a 'mature' non-profit rental sector, according to Kemeny, are the withdrawal of capital from the sector by, for example, an obligation to sell dwellings on a large scale (making the sector less mature) and the limitation of the 'working domain' of the sector to the lowest income groups via stringent means testing for home-seekers. Finally, Kemeny says that it is possible for the transition to a unitary system to be interrupted (1995: 143-148) by, for instance, the over-precipitous phasing-out of the protected position of a non-profit rental sector with an insufficient degree of maturity or a change in the ideological structure of society that leads to the replacement of a social market strategy by a commercial profit-making market strategy.

In a more recent publication Kemeny draws a further distinction between unitary rental markets and integrated rental markets (Kemeny *et al.*, 2005). A unitary rental market is a market without regulatory barriers to competition but with 'positive discrimination' of the non-profit sector. An integrated market is characterised by a large and mature non-profit sector that can supply adequate housing to low-income families and affordable housing throughout the business cycle. Such a non-profit rental sector is sufficiently developed and established in a unitary rental market that it is able to compete effectively with commercial renting without the need for invasive regulation and without special protection or special responsibilities (Kemeny *et al.*, 2005: 856). According to Kemeny *et al.* (2005), the integrated rental market must be seen as the end result of a social market policy that starts with a unitary rental market.

1.3.5 Evaluation

Table 1.1 shows the main characteristics of the above three theories. The convergence theory points to a very long-term development process in which differences between countries are attributed to the phase of economic development. It says little more about the developmental trend in post-industrial societies in the future and the role of government policy in this trend than that the complexity of such societies leads to a lasting and 'broad' government commitment to housing as an integral part of the welfare state. It does however say that there are leaders and laggards among countries which are in the same phase of economic development. The theory implicitly assumes that the laggards will eventually follow the same route as the leaders.

In Harloe's theory a key role is played by the economic structure of capital accumulation. What this means for housing, says Harloe, is that there will only be a relatively large social rental sector if the market cannot provide sufficient housing for economically relevant population groups. Harloe's theory identifies periods in the emergence of capitalism in which convergence is discernible in the development of housing systems. He therefore regards the residual model as the standard for post-industrial capitalist society and the mass model as a temporary variant.

Kemeny points to the options within the capitalist system. These options (strategies) are interconnected with the ideological nature of the social structure and can lead to different rental market models. He identifies different models which can develop simultaneously in various countries or groups of countries.

The convergence theory offers the fewest openings as an analytical framework for the similarities and differences in the recent and – possibility – future development of housing systems in Western European countries. The unilinear character of the theory with 'comprehensive' government involvement as the end phase lends itself to differentiation only in the development of housing systems in Western European countries, as leaders or laggards, which are in more or less the same phase of economic and demographic development. And in a period in which government responsibility for housing is diminishing rather than increasing in many countries. Although Harloe's theory assumes a cyclical rather than a unilinear development, it does entail a type of convergence theory in that countries follow a similar pattern determined by global developments in the economic structure and capital accumulation.

According to Harloe, in recent decades, Western European governments have taken more of a back seat, thus facilitating a shift towards the residual model, the basic model in capitalist societies.

Kemeny's dual model is largely similar to Harloe's residual model, with the non-profit sector acting as a social safety net in both cases, although each

Table 1.1 Main characteristics of three 'leading' approaches in comparative housing research

	Convergence theory	Theory of social housing	Theory of the dynamic of rental markets divergence approach
Scholar	Donnison	Harloe	Kemeny
Theoretical perspective	Developmental logic of industrialism	Marxist political economy, regulation theory	(Constructivist elaboration of) labour movement theory
Main factor influencing the development of housing systems	The economic and demographic developments initiated by industrialisation	Development of the socio-economic structure of capital accumulation	The ideological character (collectivism-privatism) of the social structure of a society
Thesis	Depending on political and ideological factors, convergence in economic and demographic development in industrialised countries can lead to convergence in the housing situation and the character of the housing policy	Substantial decommodification of housing occurs only if sufficient and profitable housing cannot be realised through the market and if this shortcoming generates negative social and economic consequences	Differences in the ideological character of the social structure of societies lead to different housing policy strategies and the emergence of different rental market models
Analytical tools typology	Stages of economic development (from low to high), the housing situation (from bad to good) and the character of housing policy (from residual to comprehensive)	Periods of capitalist development (social structures of accumulation) with the accompanying structures of (social) housing provision (mass and residual)	Strategies (social and profit market rental strategies) with the accompanying types of rental market models (integrated, unitary and dual rental systems)

model does, of course, have a different explanatory mechanism (see Table 1.1). There are however, substantial differences between Harloe's mass housing model and Kemeny's unitary/integrated rental market model. Whereas the mass housing model is based on the decommodification of housing for large groups of the population, the unitary/integrated model revolves around market forces and a limited role for the government. Kemeny maintains that less government involvement need not lead to a trend towards a residual/dual model; there may be a strategic choice that starts a development towards a unitary model, which can eventually become an integrated model. In this scenario it is not enough to look only at the trend in policy; the accompanying developments on the rental market in different countries and the position of the non-profit sector should also be considered. With Kemeny's divergence theory as a starting point it is possible to ascertain whether these developments point to a convergence towards a residual/dual model or to a divergence between countries where a dual system exists (or is emerging) and countries where a unitary system may lead to an integrated rental market model.

Hoekstra (2009; 2010) explored how far Kemeny's typology of unitary⁴ and dual rental markets is borne out by empirical data on the objective characteristics of housing markets. Using data from the European Community Household Panel (ECHP), he tested four hypotheses on six countries (Austria, Denmark, the Netherlands, Belgium, Ireland and the UK) viz.: the home-ownership sector is larger in dual systems, there are greater differences in quality

⁴ Hoekstra (2009; 2010) uses integrated rental markets here, a term that Kemeny *et al.* (2005) 'reserve' for the end stage in the development of a unitary market. As this stage has never been achieved (see Chapter 7), I will use the term 'unitary rental markets'.

and rent between the social and the commercial rental sector and the social rental sector is more residualised. The results largely confirmed Kemeny's typology. But, as noted by Hoekstra (2009; 2010), the confirmed relationship between typology and outcomes still does not validate the theory behind the typology. This could only be done by taking a closer look at the mechanisms behind the outcomes, such as housing policy, economic processes and institutional strategies. Deeper insight into these mechanisms would also make it possible to draw up scenarios for the various developmental trends in housing systems. However, when it comes to future developments, it is debatable whether an integrated rental market model, which does not – or does not yet – exist can be regarded as a realistic end stage in the development of a unitary system.

1.4 Research methods

Universalistic and particularistic approaches

When international comparative research is being conducted it soon becomes clear that there are not only similarities but also wide differences between the various countries in terms of the role of the actors on the housing market, the 'objective' characteristics of the housing market (the output of the system) and the institutional context and the policy (including the policy instruments) (Papa, 1992). The main task here, besides collecting information and defining the various housing systems, is to establish a baseline for comparisons, given the level of complexity in the relationships between actors, institutions and context. There are two – opposing – schools of thought in international comparative analysis in this field: the universalistic school and the particularistic school. The universalistic school centres on comparable developments between countries and takes no account of the context in which they unfold (Hoekstra, 2010; Pickvance, 2001). Differences between countries are seen as temporary or non-relevant. Evolutionary theories, such as the previously discussed convergence theory, belong in this school. For example, Donnison and Ungerson (1982: 65-66) recognise that considerable differences exist between housing systems – even in countries in the same phase of development and with the same kind of housing policy – and attribute them to ideological, cultural and historical influences, but they do not regard them as crucial factors in the nature of housing problems or the shape and content of government policy.

Particularistic approaches, on the other hand, focus strongly on differences. Advocates of this school place so much emphasis on context that there is no question of generalisation (Hantrais, 1999; Hoekstra, 2010). The bottom line is that international comparisons are impossible because the very phenomena that one is seeking to compare are different in different countries (Haffner

et al., 2010, see Chapter 4). Ball, Harloe and Martens do not go quite so far, but their Structures of Housing Provision approach does place a strong emphasis on differences. They argue that research on housing should accord a key role to descriptions and analyses of the development of relationships between the different social actors who are involved in the production, distribution and consumption of housing and housing services in specific housing categories – or SHPs (Ball, 1988: 29; Ball and Harloe, 1990). The development of SHPs must be empirically determined and cannot be derived from theory because there are no generally definable SHPs. The description of Structures of Housing Provision shares similarities with the path dependency discussed in Section 1.2. The question then is how international comparative research can be conducted on path-dependent SHPs which are unique in every country.

Middle-way approach

The solution might lie in a ‘middle-way’ approach – which seeks a balance between generalisation and specificity (Hoekstra, 2010). This approach also recognises the influence of the historical and cultural context of (parts of) housing systems. It does require a baseline for comparisons between the systems (and parts thereof) and the context, so that phenomena that are not identical in different countries can still be compared. It is partly because of the relevance of the context that a middle-way analysis calls for a qualitative approach in which the researcher must decide on the degree of comparability and generalisation. What place will the analysis take in the continuum between particularistic and universalistic? (Haffner et al., 2010, see Chapter 4). Middle-way approaches often decide this by applying patterns and typologies (Kemeny and Lowe, 1998; Hoekstra, 2010). A middle-way approach may also make it possible to apply the unique, empirically determined Structures of Housing Provision to every country in an international comparison.

1.5 Objective and research questions

As stated in Section 1.1, the primary aim of this dissertation is to contribute to the academic debate on international comparative research by providing clearer insight into the research methods and by determining the degree to which existing theories offer a good analytical framework for explaining similarities and differences in the development of housing systems in Western Europe. This framework, if viable, can also play a role in future policy choices.

This objective can be split into four research questions on the basis of Sections 1.3 and 1.4:

1. *What differences and similarities can be observed in the development of housing systems in a number of Western European countries?*
2. *How useful is a ‘middle-way approach’ in the analysis of differences and similari-*

Table 1.2 Relationship between research questions and chapters

	Research question 1	Research question 2	Research question 3	Research question 4
Chapter 2	X			
Chapter 3	X			
Chapter 4	X	X		
Chapter 5	X	X		
Chapter 6	X		X	
Chapter 7			X	
Chapter 8				X

ties in the development of housing systems?

3. How viable is Kemeny's divergence theory as a framework for a comparative analysis of the development of housing systems now and in the future?
4. How viable is Kemeny's divergence theory for analysing the development of the housing system in individual countries now and in the future?

The relationship between the research questions and the chapters is shown in Table 1.2.

1.6 Data and the selection of countries

When the articles in this thesis were being written, grateful use was made of information and analyses from various international comparative studies conducted at OTB in the past twenty years. The most important, though certainly not the only ones, were carried out by Boelhouwer and Van der Heijden, 1992; Van der Heijden *et al.*, 2002 and Haffner *et al.*, 2009. Besides the relevant literature and policy documents (for these studies) use was made of available statistical data on and from different countries. In some studies experts on the different countries were interviewed, additional statistical and other material was collected via, amongst others, the academic network, and analyses were submitted for commentary to national experts.

The countries in the first international comparative analysis (Boelhouwer and Van der Heijden, 1992), besides representing a spread of the types of countries in the different theoretical approaches (see Section 1.3), were selected on the basis of 'proximity' and the availability of data. Six countries besides the Netherlands were included: West Germany, France, Denmark, Sweden, Belgium and the United Kingdom. This group was initially retained in subsequent studies because data were readily available. Over the years Germany, Belgium (sometimes only Flanders) and the UK (sometimes Great Britain or only England) as well as the Netherlands became permanent research countries. Denmark and later Sweden had to be omitted in some studies due to the limited availability or high costs of statistical data. Ireland was added to some studies in later years because of the dynamic market that had evolved there (see Chapter 5) and the initiatives to mobilise the commercial rental sector for social housing (see Haffner *et al.*, 2009, see Chapter 7).

Table 1.3 shows the countries that feature in each chapter. There are none for Chapter 7, which is a theoretical exposition that makes barely any use of empirical data. No international comparisons are drawn in Chapter 8, but Kemeny's divergence theory is used as a framework for analysing – possible –

Table 1.3 Relationships between research countries and chapters

	Netherlands	(W) Germany	France	Denmark	Sweden	Belgium/Flanders	England/UK	Ireland
Chapter 2	X	X	X	X	X	X	X	
Chapter 3	X	X	X	X	X	X	X	
Chapter 4	X	X	X			X	X	X
Chapter 5	X	X				X	X	X
Chapter 6	X	X	X		X	X	X	
Chapter 7								
Chapter 8	X							

developments in the Netherlands.

1.7 Introduction to the articles

Chapters 2 and 3 are basically descriptive. Stemming from 1993-1996, they present the similarities and differences in the development of housing systems (research question 1).

Chapter 2: Housing policy in seven European Countries: the role of politics in housing (Netherlands Journal of Housing and the Built Environment, 1993, 8 (4): 383-404)

Co-author: Peter Boelhouwer

Chapter 2 traces the development of several exogenic factors and the housing policy in seven Western European countries (see Table 1.3). It asks whether a relationship exists between the policy and the ideological 'colour' of the governments in these countries. It was written in association with Peter Boelhouwer and based on the results of our first international comparative analysis of housing systems in Europe (Boelhouwer and Van der Heijden, 1992). I was responsible for tracing the development of the generally comparable statistical data and the developments in the Netherlands, Belgium and England. Peter was responsible for the comparative framework and the descriptions of the other countries. We wrote the final chapter together on the basis of the framework that Peter had worked out in the first chapter.

Chapter 3: The private rental sector in Western Europe: developments since the Second World War and prospects for the future (Housing Studies, 1996, 11 (1): 13-33)

Co-author: Peter Boelhouwer

This chapter deals with the similarities and differences in the development of the commercial rental sector and the respective government policy in seven countries. It uses these as a starting point for a potential perspective for this sector in the future. Again, much of it is based on the study by Boelhouwer and Van der Heijden (1992). I updated the data from this study and used them in a paper that I presented at a seminar of the Nationwide Building Society and the London School of Economics in 1994. I later converted this paper into the article for this chapter.

Chapters 4 and 5 focus on the methodological aspects of international comparative research (research question 2). Both chapters, but Chapter 5 in par-

particular, also address the similarities and differences in the development of housing systems in different countries (research question 1).

Chapter 4: Universalistic, particularistic and middle way approaches to comparing the private rental sector

(International Journal of Housing Policy, 2010, 10 (4): 357-377)

Co-authors: Marietta Haffner, Joris Hoekstra and Michael Oxley

This article explores the challenges of carrying out international comparative research on housing on the basis of the commercial rental sector. It argues that a middle-way approach between the extremes of universalism – which focuses on similarities – and particularism – which focuses on differences – offers good methodological openings. It is based to some extent on the work of Haffner et al. (2009) and, like the book, is a collaborative effort by the four authors. My contribution consisted primarily of working out the middle-way approach.

Chapter 5: Western European housing systems and the impact of the international financial crisis

(Journal of Housing and the Built Environment, 2011, 26: 295-313)

Co-authors: Kees Dol and Michael Oxley

This article analyses the effects of the international financial crisis of 2008 on housing in five countries (see Table 1.3) with particular attention to the home-ownership sector. Using the Structures of Housing Provision Approach (see Sections 1.3.3 and 1.4), developed and applied by Michael Ball, Michael Harloe and Maartje Martens, we compiled a typology based on the structure of the home-ownership market. The article is based on a study that was conducted for the Dutch Ministry of Housing, Spatial Planning and the Environment (Dol et al., 2010). For this study, I was responsible for the design, the analytical framework and the conclusions and Kees and Michael described the developments in the five countries. For the article, Michael and Kees made a substantial contribution to incorporating the descriptions of the countries in the analysis.

Chapters 6 and 7 address Kemeny's typology for rental markets. This typology is used mainly as an analytical framework for the current and future development of housing systems (research question 3). Chapter 6 also takes a close look at the similarities and differences in the development of housing systems (research question 1).

Chapter 6: Social rented housing in Western Europe: developments and expectations
(Urban Studies, 2002, 39 (2): 327-340)

This chapter presents three possible scenarios for the social rented sector in Western European countries on the basis of the results of previous international comparative studies and the typologies of Harloe and Kemeny.

Chapter 7: Competition and non-profits in an integrated rental market

(submitted to *Housing Theory and Society*)

Co-authors: Marja Elsinga, Marietta Haffner and Michael Oxley

In this chapter we determine whether the integrated rental market model of Kemeny *et al.* (2005) is viable and whether it is the solution for housing the weaker groups in the housing market. As the integrated rental market does not – yet – exist in practice and there is no empirical data, the analysis takes the form of a theoretical exercise. The article is co-authored by Marja Elsinga, Marietta Haffner and Michael Oxley. I took the lead, but grateful use was made of collective work that had been presented or published previously (Elsinga *et al.*, 2005; Van der Heijden *et al.*, 2008; Haffner *et al.*, 2009).

In Chapter 8 Kemeny's theory is applied as a framework for the current and future development of the housing system in the Netherlands (research question 4).

Chapter 8: *Threats to the Dutch unitary rental market*

(*International Journal of Housing Policy*, 2008, 8 (1): 21-37)

Co-authors: Marja Elsinga and Marietta Haffner

This article takes the work of Jim Kemeny as a departure point for an analysis of the current and future development of the social rental sector in the Netherlands. It was co-authored by Marja Elsinga and Marietta Haffner. Marja took the lead while Marietta concentrated on the possible implications of the European policy and I was responsible for describing the theory behind dual and unitary rental systems and for sketching the development of housing policy in the Netherlands.

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2 Housing policy in seven European countries

The role of politics in housing

Peter Boelhouwer & Harry van der Heijden, 1993, Netherlands Journal of Housing and the Built Environment, 8 (4): 383-404. <http://www.springerlink.com/content/158465m3uhrvkk42/>

2.1 Introduction

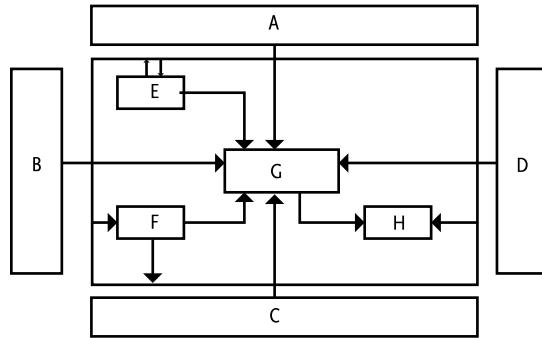
This contribution outlines the overall policy framework of seven Western European countries. The results are derived from the first part of *Housing Systems in Europe: A Comparative Study of Housing Policy* (Boelhouwer and Van der Heijden, 1992). First, we reviewed the background variables that affect housing markets. These include socio-economic, demographic, administrative, and spatial factors as well as physical planning systems (see Figure 2.1). In the second part of the comparative study we analysed the housing systems themselves by means of reviewing past housing policy, describing the organization of the housing market and identifying those involved, and sketching the housing policy envisaged for the 1990s. These housing systems interact with four external factors and determine the objective characteristics of the housing market (though not the housing policy for the 1990s). These objective characteristics include the size of the housing stock, average household size, level of new construction, tenure characteristics of households, and housing costs, for instance.

Given the diversity of subjects to be dealt with, it is not feasible to present all their features in an integral way in this paper. We therefore confine our discussion to the most important general differences and similarities between the countries under review.

In Section 2.2, we discuss a number of actors exogenous to the housing market, such as demographic change and socio-economic characteristics. We then go on to consider housing construction and building policy in the seven countries. But the most important part of this article elucidates the differences and similarities in the objectives of housing policies. Finally, we offer some general conclusions about the role of politics in housing.

2.2 Exogenous factors: demographic change and socio-economic limitations

Housing policy and the objectives that have subsequently been pursued have had a strong bearing on the generation and the characteristics of the present housing market. Yet the development of the housing market was also strongly influenced by a number of factors outside the direct reach of housing policy. These include changes in population size and composition. To a great

Figure 2.1 Background factors determining the structure of the housing market

- A = socio-economic factors
- B = demographic factors
- C = administrative and legal factors
- D = spatial factors and physical planning systems
- E = organization of the housing market and those involved
- F = past housing policy
- G = objective characteristics of the housing market
- H = housing policy during the 1990s

Source: Boelhouwer & Van der Heijden, 1992: 17

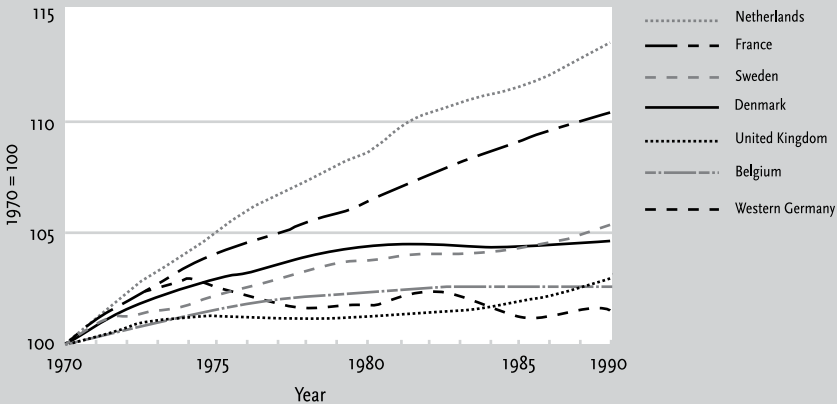
extent, such changes determine the demand for housing and, consequently, the required level of new construction. Figure 2.2 shows that the population of the Netherlands grew by 13.6% between 1977 and 1988. This was by far the highest rate recorded in any of the seven countries; the next highest was in France (10.3%). Sweden and Denmark showed more modest rises of 5.1% and 4.5% respectively. In Belgium, England, and the FRG the rate of increase was lowest.

In all the countries included in the study, the number of households increased more than the population. This reflects a preference for smaller households or for living alone. The trend was most evident in the Netherlands, where the reduction in average household size was greatest. The tendency toward smaller households started somewhat later there than in the other countries, but it became market during the 1970s and 1980s.

The above changes suggest that autonomous housing demand was highest in the Netherlands from 1970 to 1987. During this period, the number of households increased by no less than 48.7%. Other countries also experienced growth, though to a lesser degree. In France, the figure was 29%; in England, the FRG and Denmark 22%, while in Belgium and Sweden, it was 15.6% and 12.1% respectively. As a consequence of the high rate of population increase in the Netherlands, the growth in per capita Gross National Product (GNP) was relatively small between 1970 and 1988 compared with several other countries (Boelhouwer and Van der Heijden, 1992: 29).

The growth in number of households during the period 1971-1988 has required significant expansion of the housing stock and thus a considerable degree of new construction in the Netherlands. Accordingly, the greatest expansion in the housing stock had to be shouldered by the country with the lowest rate of increase in per capita GNP. In this respect, other countries

Figure 2.2 Changes in population size, 1970-1988, as of 1 January (%) (1970 = 100)



Source: Boelhouwer & Van der Heijden, 1992: 22

were in a much more favourable position. Belgium had both the highest rate of growth in per capita GNP and the least need for an autonomous expansion in the housing stock. England and Sweden were also in a somewhat favourable position. While France and Denmark enjoyed lower rates of increase in the number of households, they booked at best only moderate increases in per capita GNP. The FRG is in a less favourable position. The need to provide new housing in the former German Democratic Republic is urgent. Meanwhile, it is imperative to either improve existing housing or simply demolish the worst of it. Moreover, uncertainty remains concerning the number of immigrants from the East. For these reasons, out of the seven countries, the need for new housing construction will probably be the greatest in Germany in the near future.

2.3 Housing construction policy

All the countries reviewed in Part I of the study experienced housing shortages after the Second World War to a large but varying degree. Consequently, in all countries, large-scale housing construction programs were drawn up and the financial means were provided to alleviate this shortage. The governments varied in their approach to this task. By providing supply subsidies, the governments of France and the Netherlands were able to expand the non-profit rented sector considerably (this sector consists predominantly of approved housing associations). A similar development can be observed in Sweden and England, although in these countries local authorities were mainly responsible for the expansion in the non-profit rented sector. The publication of the Housing White Paper in 1953, however, led to a change of emphasis in England: private initiative was strongly encouraged, and local authority housing activities were restricted. Nevertheless, substantial numbers of council houses were built there in the 1950s and 1960s. In Belgium and Denmark, too, the size of the non-profit rented sector expanded rapidly in the post-war years. To alleviate the serious housing shortage as quickly as possi-

Table 2.1 Number of dwellings per 1000 population, 1970-1987

	1970	1975	1980	1985	1986	1987	% growth 1970-1985
Netherlands	289	320	343	372	377	381	28.7
FRG	341	383	413	443	448	-	29.9
France	366 ²	399	436	449	451	-	22.7
Belgium	355	0	387	405	-	406	14.2
United Kingdom	346	364	383	396	399	-	14.5
Denmark	353	397 ¹	422	439	445	448	24.4
Sweden	394	427 ³	446 ³	452 ³	-	-	14.7

1: 1976; 2: 1968; 3: NEI, 1989.

Sources: United Nations, Annual Bulletin of Housing and Building Statistics for Europe, several years;
Boelhouwer & Van der Heijden, 1992: 34

ble, the governments of the latter two countries took measures to stimulate the private rented sector immediately after the Second World War.

In the FRG, unlike most other countries, supply subsidies for non-profit rented housing were no longer confined to non-profit housing associations. Rather, they were allocated to anyone who was prepared to meet the conditions attached to the subsidies. The plan to interest private investors in providing non-profit rented housing has been successful. After government grants to the non-profit rented sector cease, those owning the properties are able to operate their housing stock as private rented housing. At that point, they are no longer subject to the restrictions imposed on the non-profit rented sector. In the FRG, in addition to the supply subsidies available to the non-profit rented sector, investors in the private rented sector are also eligible for demand subsidies. As a result of these measures taken during the first two decades after the Second World War, the housing stock was expanded considerably (Table 2.1).

The number of dwellings per 1,000 inhabitants was approximately the same in 1970 for all countries. The exception was the Netherlands, where the number of dwellings per 1000 inhabitants was much lower (289) than elsewhere. The figure for Sweden was 394, France 366, Belgium 355, Denmark 353, England 346, and the FRG 341. These variations can largely be explained by the differing rates of population growth; of the seven countries, population growth has been highest in the Netherlands.

Although the number of dwellings per 1,000 inhabitants was relatively low in 1970, the housing stock in the Netherlands grew more rapidly during the period 1970-1985 than in the other countries. The rate of increase in the Dutch housing stock between 1970 and 1985 was 42.2%. The corresponding figures for the other countries are significantly lower: France 35.6%, Denmark 31.9%, the FRG 30.2%, Sweden 21.5%, and England 16.7%. Since the population increase in the Netherlands was greater than in neighbouring countries during the period 1970-1987, however, the increase in number of dwellings per 1,000 inhabitants was less spectacular than the growth in the housing stock. Even so, the number of dwellings per 1,000 inhabitants increased most in the Netherlands (28.7%) and the FRG (29.9%). Denmark and France followed with 24.4% and 22.7% respectively. In Sweden (14.7%), England (14.5%), and Belgium (14.1%), the increase in the number of dwellings per person was lowest.

Demographic change and new housing construction during the period

1970-1986 have narrowed the gap between the number of dwellings per 1,000 inhabitants. In 1986 France had the highest number of dwellings per 1,000 inhabitants (451), followed by the FRG (448), Denmark (445), Belgium (406), England (399), and the Netherlands (377).

From 1975 to 1987, new housing was built that was more expensive than the existing housing stock. As a consequence, the proportion of housing costs in overall consumer expenditure rose during the period. The increase in rents and rentable values as a proportion of income was highest in the Netherlands (37%-point). The figures for other countries are: France (24%-point), the FRG (22%-point), Denmark (16%-point), Sweden (12%-point), and the United Kingdom (12%-point); the figure for Belgium is not available. Because the calculation of rents and rentable values as a proportion of income differs among the seven countries, it is unreasonable to try to compare them directly.

An important characteristic of housing, and one about which little information is available, relates to the quality of the housing stock. The only international statistics that are available in this respect concern the housing stock according to year of construction and level of amenities provided. In France, the United Kingdom, Belgium, and Denmark, a relatively large proportion of the housing stock was built before 1945. The Netherlands, the FRG, and Sweden have a relatively young housing stock. If we take the availability of a toilet and of a bath or shower to indicate the level of amenity provided, then housing in Sweden and Denmark ranks highest, followed by the Netherlands.

2.4 Housing policy between 1970 and 1990; an overview

As a number of authors (including McGuire, 1981; Adriaansens and Priemus, 1986) have already noted, housing policy in these countries has gone through several stages since the Second World War. Roughly four stages may be distinguished. Which stage a particular country is in depends to a great extent on both internal and external factors. These include the perception of the role and tasks of government in general and of the housing targets and objectives of the government in particular.

During the first stage, immediately after the Second World War, there was a high degree of government involvement in housing. Government policies were oriented primarily towards a large-scale housing construction program. The aim was to alleviate the housing shortages caused by the war.

In the second stage, housing policy was concerned with the quality of housing. The new dwellings were more spacious, had more rooms, and the level of amenity provided was higher. Furthermore, in many countries this stage was characterized by the switch from new construction to the improvement and maintenance of the existing buildings. The quality of the housing stock was

improved by slum clearance or by renovating substandard dwellings.

In the transition from the second to the third stages, market influences played an increasing role. In many cases, the concept that each household ought to be accommodated according to its needs was abandoned. Instead, housing provision increasingly came to depend on effective demand.

In the third stage, much attention was given to the problems of distribution. Because of the decline in public expenditure, the suitability and effectiveness of the instruments of a government's housing policy were carefully scrutinized. There was widespread reduction in overall subsidies, like general supply subsidies for new constructions, and the extension of demand subsidies. As a result, the position of less well-off groups in particular was given greater emphasis in housing policy. In this third stage, one finds a general decrease in the level of new housing construction.

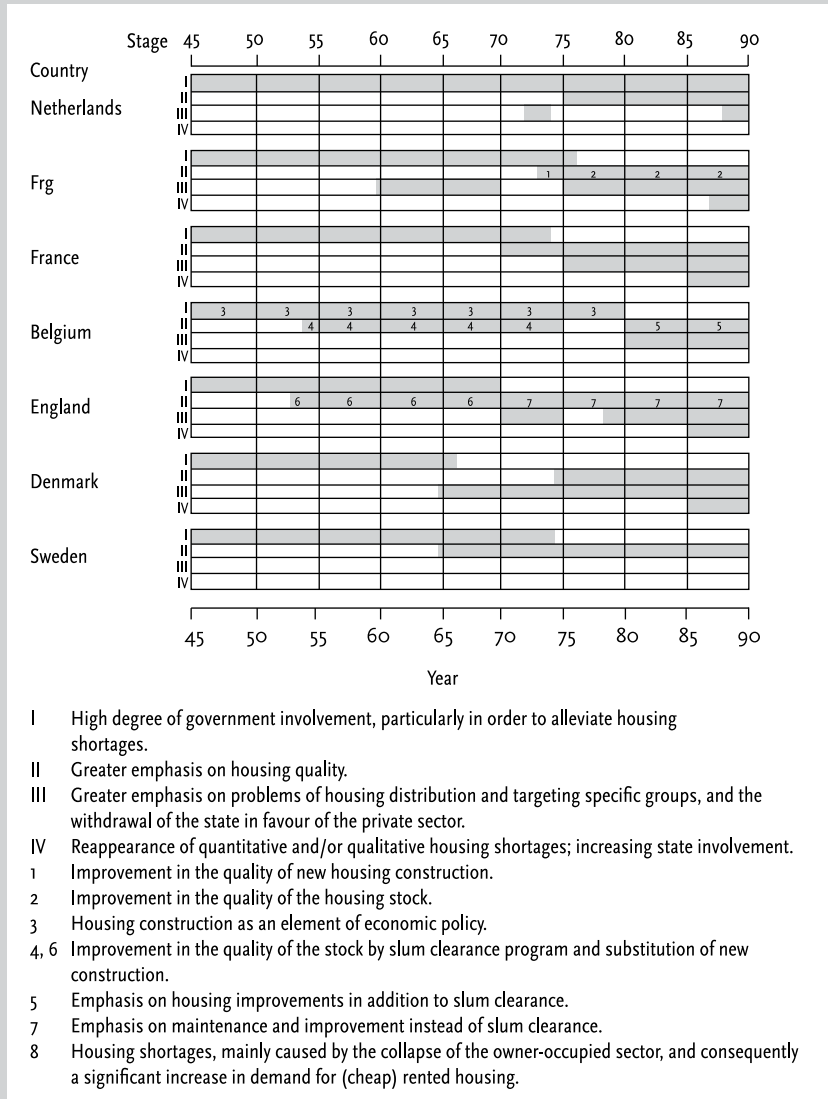
Finally, in a number of countries one can discern a fourth stage, which is characterized by housing shortages. These take the form of an absolute shortage and an insufficient supply of affordable housing for the less well-off.

It is possible that a country may pass through more than one stage concurrently, since the stages are determined by different external factors. Figure 2.3 indicates when these stages were characteristic of the seven countries and when, if at all, they ceased to be so. The dating of the beginning and the end of these stages is based as much as possible on the policy objectives formulated by governments.

Figure 2.3 reveals that the various stages in the development of housing policy did not coincide in all seven countries. Evidently, the stages do not necessarily occur successively. Housing policy in the Netherlands, for instance, can still be characterized in terms of the first stage of the model outlined above, while stages two and three have already commenced. In a number of other countries (the FRG and Denmark), the third stage started before housing policy explicitly emphasized the need for improvements in the quality of the housing stock. Furthermore, since the beginning of the 1990s, the situation has changed dramatically in Sweden. Under the privatization policy of the social democratic government, housing costs for most households increased by 20% in 1991. After the general elections in September of that year, a new government was formed by a bourgeois coalition. The government wants to reduce the general subsidy even more than was agreed in 1991. It shows a strong interest in deregulation of planning. Moreover, it is interested in making conversion of rental tenure to cooperatively owned tenure easier and applicable even to the public rental housing sector (Siksiö, 1993).

As we have already suggested, the beginning and the possible end of the various stages in housing policy are determined not only by exogenous factors. The timeframe is also a reflection of the role played by governments in general and in the field of housing in particular. Consequently, policy stages

Figure 2.3 General development trend in housing policy, 1945-1990



Source: Boelhouwer & Van der Heijden, 1992: 273

are also demarcated by the way governments react to changing external factors (economic crisis or equilibrium). This is especially relevant to the second and third stages. One might assume that governments with similar ideologies would have reacted in similar ways to changing circumstances. This assumption is discussed in more detail below when the housing policies of the seven countries are reviewed.

In seeking to determine the influence of political ideology, we must consider the political complexion of the governments in power in the seven countries. For the sake of comparison, we shall make a distinction between parties on the right and those on the left of the political spectrum. Conservatives

may be allocated to the former, and socialist, communist, and social democratic parties to the latter. The Christian Democrats (a powerful force in Belgium, the FRG, and the Netherlands) generally occupy a position in the middle of the road. Liberal parties defy easy categorization. For instance, the Liberal Party in the Netherlands is somewhat similar to the Conservative Party in England, while the Liberal Party in England can be located somewhat to the left of the political center. One may also discern substantial variations across countries between parties with the same broad political background. The Labour Party in England, for example, has advocated much more radical social and economic policies than the SPD in the FRG.

Once we have determined the political complexion of the governments, we can move the analysis forward. We can then ascertain if the characteristics often associated with the policies that are supported by various political groups actually correspond to the housing policies they advocate. Alternatively, we can find out if ideology is a less significant determinant of housing policy.

It is often stated that parties on the political right favour a free market in which state involvement is limited. In the case of housing, this means deregulation and support for the owner-occupied and private rented sectors. It also means limited aid to the non-profit sector and a role for the latter that is restricted to housing the weakest members of society.

The received wisdom is that parties to the left of the political center emphasize the responsibilities and functions of local and central government. As in the post-war period, the government considers itself responsible for alleviating housing shortages. Thus, government can be expected to achieve a more equitable distribution of available housing resources.

Our description of the housing policies advocated by the major political blocs is a useful basis for further analysis. We now move on to consider the political complexion of the governments in the countries under review. This allows us to compare the housing policies they have introduced.

2.5 Housing policy in the 1970s

Most countries in the 1970s had a government in which a social democratic or a socialist party was represented. This is true of the FRG (1970-1982), England (1974-1979), Denmark (up to 1982), Sweden (up to 1976), Belgium (1970-1974 and 1977-1980), and the Netherlands (1973-1977). In the case of Belgium and the Netherlands, the Christian Democrats have been in every government since the Second World War. This has ensured a remarkable degree of continuity in policy. In this respect, France is an exceptional case. Giscard d'Estaing's center-right government came into power in 1974 and was replaced by that of the socialist Pierre Mauroy in 1981. The housing policy

advocated by the French government was strongly determined by the equilibrium in the housing market and by the economic crises of 1973 and 1979. The developments that had begun as early as the 1960s, which envisioned a gradually diminishing role for the state in housing, continued in the 1970s with greater intensity. For the first time since the Second World War, the government took the official stance that the provision of housing ought to be left as much as possible to the market and that in the future the role of government would be a residual one (Pearsall, 1984; Boucher, 1988).

The Netherlands

The *Nota Huur- en Subsidiebeleid* (Rent and Subsidy Policy) was presented to the Dutch Parliament in 1974 by a coalition government led by the Social Democratic and Christian Democratic Parties. That report reflected the view, so characteristic of the 1970s, of the capacity of governments to create a better society. The period saw the increasing involvement of central government in many aspects of social and economic life. More specifically, it was considered desirable for central government to take a more active role in the provision of housing. There were a number of motives behind this: the endorsement of the concept of housing as a “merit good” (a consumption good in which citizens ought to be encouraged to invest); and the desire to improve the environment, to ensure a more equitable distribution of resources, and to promote housing development.

After several years of debate, in *Huur- en Subsidiebeleid* the government opted for a hybrid system of supply and demand subsidies. Supply subsidies were used to ensure that new non-profit rented housing remained within reach of those on average incomes. The government's subsidy policy was broader, however. Subsidies were also provided for improving the residential environment and to increase the range of choice available to all households, including those on low incomes. The latter aim led the government to introduce in 1975 a system of demand subsidies: the *Beschikking Individuele Huur-subsidie* (a system of rent rebates).

The choice of a mixed subsidy system and the involvement of the government in assisting housing construction led to a rapid increase in expenditure on both supply and demand subsidies during the period 1975-1985. The rise in cost was due to high interest rates and of the collapse of the owner-occupied sector (Van der Schaar, 1987; Boelhouwer and Priemus, 1990).

The FRG

The principal objective of the housing policy enacted by the Social Democrats in the FRG at the beginning of the 1970s was to enable each household to choose the sort of housing that corresponded to their aspirations and level of income. The rapidly expanding housing construction program had to benefit the population as a whole, not just specific groups. There was also intense

debate on the effects of land policy, and a considerable degree of protection for tenants was introduced. This policy ran counter to the policy of deregulation pursued by the Liberals and Christian Democrats in the 1960s. This radical change in housing policy lasted only five years, however. Under the government of Chancellor Schmidt, housing policy once more underwent reform. The background to this was diverse: the oil crisis, which left the government with limited financial resources; the rising costs of construction; and the amount of vacant properties in the rented and owner-occupied sectors, which became a feature of the housing market after 1973.

The housing construction program was no longer aimed at the general population. Increasing emphasis was put on assisting the less affluent. Consequently, there was also a switch from supply subsidies to demand subsidies, as well as from new construction to subsidies for improvement (Duvigneau and Schönefeldt, 1989; Leutner *et al.*, 1990).

Belgium

As in the FRG, post-war housing policy in Belgium was strongly oriented towards encouraging private initiative. The government saw its role as one of providing incentives for the owner-occupied sector, providing rented housing for those households unable to buy their own home, assisting large families (this reflected the considerable influence of the Christian Democrats in government), and the demolition or improvement of substandard housing. This approach was embodied in an official "housing code" published in 1970. Like other countries in Western Europe, Belgium was affected by the first oil crisis in 1973. This crisis had severe repercussions for housing policy. The level of new construction decreased significantly. For many households, it now seemed impossible to become an owner-occupier. In order to ease these problems, a new loans scheme was introduced in 1975 in the non-profit rented sector. In the short term this scheme enabled a relatively large amount of rented housing to be constructed. In the long term, however, it led to higher levels of debt and consequent budgetary problems. It also precipitated a decline in the number of new dwellings constructed in the non-profit rented sector (Goossens, 1982; Laurent and Jacques, 1987; De Decker, 1990).

England

England too had a socialist government during the period 1974-1979. At the beginning of the 1970s, however, the Conservatives were in power. The housing policy pursued by the Conservative government was similar to that of the previous Conservative Administration (1951-1964): it aimed to promote the private sector and to reduce the role of local authorities. The switch from programs of slum clearance to improvement that had begun under the previous Labour government was continued. Against the background of a deteriorating economic climate, increasing interest rates, rising inflation, and escalat-

ing balance of payments problems, a Labour government came to power in 1974. Its housing policy was characterized by a continued emphasis on the importance of housing improvement programs. Tenants were given greater protection. Moreover, the role of local authorities in housing was extended. The attitude of the Labour Party to the roles of the public rented sector and the owner-occupied sector was particularly significant. Even during the 1960s, the construction of public rented housing was considered to be only a temporary solution to the housing problem. Owner-occupation was regarded as the normal form of tenure in the longer term. In 1967 the option mortgage and guarantee scheme was introduced to enable low-income groups to buy their own homes. Under this scheme, purchasers who were ineligible for mortgage interest tax relief were able to get a mortgage at a lower rate of interest. During the 1970s, too, the Labour government sought to expand the owner-occupied sector. In the 1977 discussion document entitled *Housing Policy*, it was suggested that "owning one's own home is a basic and natural desire." This is not to suggest, however, that the Labour and Conservative governments espoused identical housing policies. On a number of issues – the level of government support for housing, the regulation of the housing market, and the powers allocated to local authorities, for instance – the policy of the Labour government was very different from that pursued by previous Conservative governments (Short, 1982; Smith, 1984).

Denmark

Like most other Scandinavian countries, Denmark was governed for the entire post-war period by a coalition led by the Social Democratic Party. Yet the housing policy pursued in Denmark may be considered unique in Scandinavia. As early as 1966, the Danish government introduced a series of proposals which, over a period of eight years (1966-1974), aimed at reforming the housing market. The proposals were intended to bring about a deregulated and unsubsidized housing market, free of government intervention, during this transition period. It was hoped that market forces would reduce the difference in rent levels between the private and the non-profit rented sectors. The proposals contained five elements: an increase in rents, a reduction in tax relief for owner-occupiers, a reduction in initial rents in the non-profit rented sector, the introduction of a system of rent debates, and implementation of measures to limit the rise in construction costs. These objectives were not attained, however, largely because of economic difficulties.

In 1974, therefore, under the leadership of a Social Democrat coalition, a new compromise was reached. The objectives of the new proposals were the same as those in 1966: a reduction in the level of government subsidies and the deregulation of the housing market. One of the key problems was the level of indirect subsidies being made available to the owner-occupied sector through the tax system. It was reckoned that, as a result of the levels of tax

relief and the high marginal tax rates, these were twice as high as the level of direct subsidies being paid to the rented sector. Partly as a result of the high levels of indirect subsidies, the size of the owner-occupied sector had increased. By the beginning of the 1980s, it accounted for around 55% of the housing stock. This inequality was only reduced in 1987, when reforms were introduced. In order to prevent increasing inequality between owner-occupies and tenants, the Danish government decided to raise levels of rent rebates gradually until the mid-1980s (Haywood, 1984; Ministry of Housing and Building, 1983; 1984).

Sweden

The housing policy in Sweden during the 1970s has much in common with the housing policies in the other Scandinavian countries (with the exception of Denmark). During the period 1965-1974) an ambitious housing construction program, the 'one million dwellings program' was drawn up by the government and successfully completed. The success of this program led to an excess supply of housing in some areas during the 1970s, for the first time since the 1940s. Until then there had been a severe housing shortage, which government policy had seriously sought to alleviate. In 1974, this reversal led to the most fundamental reconsideration of housing policy in Sweden since the 1940s. The overall objective of housing policy had not been to force households into certain sectors of the housing market but to maximize their freedom of choice. Swedish housing policy in the 1970s had much in common therefore with that of the Netherlands; though in Sweden the principles were formulated much more explicitly.

The principles underlying the policy reforms of 1974 can be summarized as follows: that government assistance to the various sectors within the housing market should be equal, that there should be freedom of choice for households with regard to their housing situation, that housing allocation should reflect housing needs, that there should be a fair distribution of housing, and that social amenities and care facilities should be provided in residential areas (Headey, 1978; Nesslein, 1982; Tham, 1987; Lundqvist, 1987).

The housing policies implemented by the various coalition governments that were dominated by socialists and social democrats during the 1970s demonstrate that housing policy in practice may run counter to what we would expect on the basis of the typology outlined earlier. Only in Sweden, the Netherlands, and the FRG prior to 1975 does housing policy tend to conform to our typology. In all the other countries, the development of housing policy was clearly affected by factors other than those on which our typology is based. These were largely external factors. In almost all countries, there was a housing surplus in particular sectors of the housing market. And almost all Western governments faced acute budgetary difficulties as a result of the

oil crisis of 1973 and 1979. Ideological considerations played a role too. For instance, in Belgium and Finland – and, in practice, Denmark too – owner-occupation was considered to be the most desirable form of tenure, even by the socialist and social democratic governments in power during this period. Consequently, the housing policy of these countries during the 1970s was characterized by support for owner-occupies, a reduction in the level of supply subsidies, and an increase in the level of demand subsidies. In all these countries there was also a switch from programs of new construction to maintenance and improvement of existing housing.

2.6 Housing policy in the 1980s

In contrast to the 1970s, housing policy in the 1980s was, for the most part, formulated by Conservative governments of Conservative-led coalition governments. This was true of the FRG after 1983, Belgium between 1981 and 1988, England after 1979, Denmark after 1982, Sweden between 1976 and 1982, France after 1986, and the Netherlands almost continuously after 1977. The housing policies pursued in those countries during the 1980s are described below.

France

Only in France was there a socialist government in power at the beginning of the 1980s. In May 1981 a new Socialist-Communist government under the premiership of Mauroy came to power. A few months prior to this, François Mitterrand had been elected President. This change of government led to radical policy changes in many fields. Within scarcely a year, a large number of reforms had been carried out. Of these, the decentralization of power and the nationalization of large enterprises and financial institutions received the most attention. In spite of radical changes in a number of policies, there was continuity in many aspects of the housing policy developed by the previous Liberal administration. Except for the period 1981-1982, the new socialist government also pursued a policy of retrenchment. The underlying principles of the 1977 Housing Act, which aimed at reducing public expenditure and the size of the housing construction program, were no longer adhered to, however. Nevertheless, most of the objectives of the act were retained. Rents were required to reflect market levels, and there was a switch from supply subsidies to demand subsidies. Moreover the government tried to expand the size of the owner-occupied sector (in particular by encouraging those on low incomes to become owner-occupiers) and to promote the improvement of the existing housing stock.

Deregulation of the housing market was begun cautiously towards the end of the socialist government's term of office. It was continued at an accelerat-

ed pace in 1986 after the election of a Liberal government headed by Jacques Chirac. The crisis in the French housing market led to a new debate in parliament in the same year. Further steps were taken to deregulate the housing market; rent controls were relaxed, the sale of non-profit rented housing was made easier, and the system of housing finances was reformed. Deregulation and support for the construction industry were accompanied, surprisingly, by considerable levels of public expenditure to increase housing construction in the private rented and owner-occupied sectors (Pearsall, 1984; Boucher, 1988; Hermann, 1988).

The Netherlands

After the fall of the Den Uyl government in 1977 on the question of land policy, a new period in Dutch housing policy began. In the accord reached between the partners of the Christian-Liberal coalition government in 1978, a number of new policy objectives were outlined. There was agreement to promote owner-occupation (e.g. by selling public rented housing) and to give greater emphasis to limiting the costs of housing development. The possible abolition of supply subsidies was even discussed. However, the government soon faced difficulties in achieving its most important policy objective, the promotion of owner-occupation. This was due to various external factors. After 1978, for instance, the owner-occupied sector stagnated, following a period of significant expansion. At the beginning of the 1980s, the owner-occupied sector collapsed completely and average house prices fell from f198,800 in 1978 to f138,100 in 1982 (€90,211 and €62,667 resp. - ed.).

The *Tweede Nota Bouwbeleid* (Second Memorandum on Building Policy) denied that it was government's task to set building targets. Nevertheless, pressure from parliament to assist the ailing construction industry caused the government to get involved. Within one year, the housing construction program had been revised no less than five times. As a result of intervention the level of new construction in the non-profit rented sector increased rapidly, and the relationship between the construction of rented housing and that of owner-occupation was transformed. Despite the government's earlier intentions, it was the rented sector that benefited most from government assistance. Consequently, expenditure on supply subsidies increased considerably. Whereas in 1978 the housing program envisioned 32,000 subsidized rented homes and 74,000 owner-occupied dwellings, at the end of 1981 these figures were reversed: at 73,000 and 34,000 respectively.

After an interim government under the premiership of Van Agt, there followed an administration with Lubbers as Prime Minister and Brokx as Secretary of State for Housing. The policy program published in 1983 contained many proposals to cut expenditure on housing. Again they mainly concerned the rented sector, involving higher rents for new rented housing, reducing expenditure on rent debates, and significant increases in rents for exist-

ing housing. Furthermore, the house building program was cut to 102,000, and the non-profit rented sector took the brunt of these cuts. The owner-occupied sector benefited, not so much by extra subsidies but rather by the absence of the financial burdens introduced in the rented sector. The promotion of owner-occupation again became one of the objectives of government policy. The new administration retained the mixed system of supply and demand subsidies. Within this policy framework, however, important changes were proposed in the building program and the subsidy policy that was begun under Van Agt. These involved in some decentralization, whereby responsibility for housing was delegated to local authorities.

The FRG

As mentioned earlier, in 1975 the Social Democratic government in the FRG introduced a liberal housing policy. After 1982 this policy was expanded vigorously by the coalition government of the Christian Democrats and Liberals. They believed that the provision of affordable housing for most of the population could best be left to the free market. Regional inequalities would have to be resolved by the regions themselves. The idea of closing the Ministry of Housing was even given serious consideration in the mid-1980s. In 1982 the new government outlined its housing policy: access to the owner-occupied sector was to be made easier for more households, and state regulation of the housing market was to be limited. Its housing policy was market-oriented, but the government relied on demand subsidies (*Wohngeld*) to protect the least well-off. In order to encourage owner-occupation, the building savings scheme was improved. Despite this, however, the promotion of owner-occupation was no great success in Germany. Moreover, since 1982, supply subsidies have been reduced and government financial assistance has increasingly taken the form of demand subsidies.

In conclusion, housing policy in the FRG shifted emphasis between 1983 and 1989 to stress the role of the free market and the decentralization of government responsibility for housing.

Belgium

The policy pursued in Belgium during the 1980s was hardly different from the course taken in the preceding decade. There continued to be a strong emphasis on private initiative, on promoting home ownership and providing rented housing for those unable to afford their own home, and on the demolition or improvement of substandard housing. A number of regional differences in housing policy emerged, however. In Brussels and the Walloon provinces in the south of the country, the improvement of the housing stock was given greater priority. In Flanders, new housing construction and slum clearance were considered more important. Political responsibility for housing was formally devolved in 1980. After that there was a dramatic decline in invest-

ment in the non-profit rented sector. As a result, almost no non-profit rented housing is currently being built in the Walloon provinces of Belgium, a situation unique in Europe. In absolute terms, too, the number of non-profit rented dwellings is declining, partly as a result of the policy of selling rented housing to sitting tenants.

England

The Conservative government that came to power in England in 1979 reasserted the importance of a free-market economy in which competition and individual responsibility would bring about economic improvement. In the field of housing, several important measures were announced in the 1980 Housing Act: central government increased its control over local authority housing activities, there was a switch from general supply subsidies to demand subsidies, local authority tenants were given the right to buy their homes at a discount, the preference for improving homes over slum clearance programs and new construction remained, the position of local authority tenants was strengthened, and the private rented sector was stimulated by allowing higher rents and the relaxation of rent controls. As part of its monetary policy, during the period 1979-1983 the government cut public expenditure on housing by no less 40% in real terms. On the other hand, there was a considerable increase in the level of tax expenditures as a result of the growth of the owner-occupied sector. The level of direct expenditure on housing and indirect expenditure in the form of tax subsidies is currently more or less equal in England (see Papa, 1992).

The Conservative government regarded owner-occupation as the 'normal' form of tenure. Those households who were unable or unwilling to be owner-occupiers could take recourse to the private rented sector. The public sector should only be concerned with the provision of housing for special groups, such as the elderly and the disabled. As in Belgium, the public rented sector declined in absolute terms in England. Since 1981 the number of sales of local authority dwellings has exceeded (to an increasing extent) the number of new dwellings constructed by local authorities (Kleinman and Whitehead, 1985; Boleat, 1989; Hollander and Schuiling, 1989; Karn, 1988).

Denmark

In contrast to earlier decades, during the period 1982-1990, Denmark was governed by a series of coalitions consisting of liberal or conservative parties. The most important housing measures introduced by the post-1982 right-wing governments involved, remarkably, reducing the level of indirect subsidies to owner-occupiers. The housing policy of this period was partly a reflection of the political background of the minister of housing. At the beginning of the 1980s the minister of housing was a member of the Center Party, and there was considerable continuity in housing policy. The succeeding liberal minister

of housing in 1986 was more concerned with ideological issues; however, such as the role of non-profit rented housing and, among other things, promoting the sale of non-profit rented sector housing.

The economic recession of the early 1980s had major repercussions on the housing market in Denmark. The number of new houses fell from around 34,000 in 1978 (6.6 dwellings per 1,000 population) to 21,000 (3.5 dwellings per 1,000 population) in 1982. This spectacular decline was much greater than in most other West European countries during this period. In order to cushion this steep fall in the level of new housing construction, a counter-cyclical subsidy policy was pursued for a number of years. Partly in response to pressure from the highly organized construction industry, more resources were allocated to the non-profit rented housing sector after 1982, and maintenance and improvement programs were fostered.

Of the measures introduced by the government, two have had the most effect on the housing market, and in particular on home buyers, over the last few years: the cuts imposed in 1986 and the tax reforms of 1987. Both measures were considered necessary to save the ailing Danish economy and to prevent the national debt (f100 billion in 1989) from increasing. In the 1980s, the Conservative Party came to realize that part of this deficit was a consequence of the generous way in which owner-occupation had been encouraged by indirect fiscal subsidies (Trollegaard, 1989; Westergard, 1989; Christiansen, 1990).

Sweden

For the first time since the Second World War, in 1976 the Conservatives and the Center Party came to power in Sweden. Over an uninterrupted period of more than 40 years, the Social Democrats had built up a welfare state strongly regulated by central government. In view of this fact, one might have expected that the new government, like the Conservatives in England at the beginning of the 1980s, would have taken measures to deregulate the housing market and make it more responsive to market forces. In practice, however, this did not occur. In housing, continuity with the past was much more evident than discontinuity. Indeed, government subsidies for housing increased from 8 billion kronor in 1975 to 26.7 billion kronor in 1982, and increased as a proportion of GNP from 2.7% in 1976 to 4.1% in 1982. This increase was mainly the result of higher expenditure on mortgage interest tax relief and other tax subsidies.

Real efforts to control public spending only took place in 1982, under a coalition government led by the Social Democrats. Under this government the growth in public expenditure was tempered and the proportion of GNP devoted to housing investment declined to 3.2%. Housing policy was again characterized by a commitment to the equal treatment of tenure groups within the housing market (Kemeny, 1987; Marcusson and MacArthur, 1989).

In view of the above, it seems that the housing policies implemented by the various conservative governments during the 1980s are somewhat at odds with the general description of conservative housing policy offered in the introduction to this section. In the cases of Sweden, The Netherlands, and Belgium, the housing policies of the 1980s were in essence similar to those pursued during the 1970s (although the intentions behind these policies were sometimes different). The pattern of public expenditure under conservative governments resembled that of their predecessors. In Denmark, at one point public expenditure on housing was increased. At the beginning of the 1980s, as in the Netherlands, new house building programs were drawn up in response to the (international) crisis in the housing market and the subsequent decrease in the level of new construction. At the end of the 1980s, a number of tax reforms were introduced, along with measures to cut back public expenditure; these triggered a serious crisis in the owner-occupied sector.

In Belgium, too, the housing policy objectives of the government remained fundamentally the same. The number of new non-profit rented dwellings decreased substantially, however. This was the result of attempts to control rising public expenditure (in which the cost of past subsidy commitments played a significant part).

Our general description of the housing policies of conservative governments applies to a certain extent to France, England, and the FRG. These countries have witnessed a general withdrawal by government from the housing market and a greater emphasis on deregulation and market forces.

2.7 Concluding remarks

On the basis of our studies of housing policy in each of the seven countries over the last two decades, it seems safe to conclude that the housing policies of governments both right of centre and left of centre do not correlate strongly with their ideological stance (Table 2.2).

In general, of course, there are differences between the objectives and the policies of each political party within each of these countries. The differences in policy between political parties are less marked, however, than the differences between countries. The conditions that prevail within countries, the housing traditions and the structure and characteristics of the housing market (the institutional structure), and electoral considerations (particularly in the case of coalition governments), for example, are much more important in determining the objectives of housing policy and the measures taken as part of that policy. In particular, housing traditions and the institutional structure of the housing market play an important role in this respect. In Belgium and England, for instance, the major political parties have long supported the promotion of owner-occupation. In the FRG the major political parties

Table 2.2 The government in power and the direction of state involvement in housing

	Government	1970s State involvement	Government	1970s State involvement
Netherlands	left (73-77)	more	right (77-90)	more
FRG	left (70-82)	more	right (83-90)	less
France	right (74-80)	less	left (81-86)	less
Belgium	left (70-74 and 77-80)	less	right (81-88)	less
England	left (74-79)	less	right (79-90)	less
Denmark	left (up to 82)	less	right (82-90)	more
Sweden	left (up to 76)	more	right (76-82)	more

Source: Boelhouwer & Van der Heijden, 1992

have attached great importance to the private sector for over 40 years, while in Sweden and the Netherlands the non-profit rented sector has enjoyed the support of various coalition governments. The institutional structure of the housing market also largely determines either the formulation of policy or its successful implementation. In some countries non-profit housing associations exercise a good deal of influence over the political decision-making process. This is either because there may be Members of Parliament on their boards (as in France), or because there is close contact between the political parties and the housing associations. Indeed there is contact between housing corporations and political parties in Sweden and between non-profit housing associations and parties in the Netherlands.

Policies which run counter to the interest of these groups (such as the sale of non-profit rented housing) usually have little chance of success.

Furthermore, the housing market is also affected by market conditions and factors outside government control. It is therefore difficult for governments to regulate the housing market in the same way they can influence, education, defence, and health care, for instance. Housing policy is to a much greater extent influenced by more or less autonomous factors. These include the pattern of consumer expenditure and consumers' expected incomes, the level of interest rates, regional housing shortages or surpluses, and unexpected immigration flows (as in the FRG). Moreover, housing policy, apart from aiming to achieve specific housing objectives, is also partly determined by the government's overall economic policies. The Netherlands, for instance, owed its economic prosperity during 1950s and the first half of the 1960s in part to a policy of wage restraint. One factor making such a policy feasible was the implementation of stringent rent controls. In Denmark, where a Conservative-led coalition was in power, credit restrictions were introduced as part of a policy to control the national debt. The effect was to make it more difficult to buy a home.

Adriaansens and Priemus (1986: 46) drew similar conclusions in their study. They argued that housing policy cannot be understood simply in terms of policy objectives. In practice, policy is the result of a complicated interaction, a compromise between market forces and government interests. It is clear that market forces are a significant factor in determining the pattern of housing policy. But it is also evident that there is some scope for the pursuit of purely political objectives.

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3 The private rental sector in Western Europe

Developments since the Second World War and prospects for the future

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Abstract

In the period after the Second World War, the dominant position of the private rental sector in the housing market in many West European countries came to an end. Economic developments and government policy both contributed to the greatly deteriorating competitive position of the private rental sector in many countries. Although there have been comparable developments in many countries that have led to a decrease in the share of private rented dwellings, there are also considerable differences between them regarding the size and function of the private rental sector in the housing system. There are also differences in the use of policy instruments and the volume of new construction of private rented dwellings. As a result of recent developments in housing policy in many West European countries the competitive position of the private rental sector has started to improve. Moreover, in a number of countries (regional) housing shortages are again occurring. For the private rental sector this perhaps means new opportunities.

3.1 Introduction

For a long time the private rental sector was dominant in the housing market in Western Europe. After the Second World War the proportion of private rented dwellings in the housing stock of West European countries varied from just over 40% (West Germany) to nearly 60% (the Netherlands). In the post-war period great shifts have occurred in the proportion of the various tenure categories. The owner occupied sector has grown strongly in many countries and has taken over the lead from the private rental sector. Within the rental sector the share of social housing has greatly increased, and in various countries of Western Europe the social rental sector is at present larger than the private rental sector. Not only has the proportion of private rented dwellings in the housing stock declined, but the absolute number of private rented dwellings has also decreased in many countries. On the basis of this general sketch it appears that the private rental sector has developed in a more or less comparable way in Western Europe. However, a more exact analysis soon shows that this general picture conceals great differences in the development of the size, the nature and function of the various tenure sectors in the different coun-

tries.

Precisely on account of this great diversity this paper focuses on the development, the position and the prospects of the private rental sector in seven West European countries: Belgium, (the former) West Germany, Denmark, England, France, the Netherlands and Sweden.

In an international comparison of one or more housing sectors problems occur in practice regarding the demarcation of the various sectors. This applies in particular to the distinction between private and social rented dwellings. In the second section we therefore examine the characterisation of the private rental sector. The third section considers corresponding developments of the various housing systems after the Second World War and the consequences of these for the private rental sector. Then in the fourth section we consider the specific characteristics of the private rental sector in the various countries and examine the principal differences between the countries regarding the position and the intended function of the private rental sector. We conclude with a cautious look at the prospects for the private rental sector across Europe. We do so against the background of the growing emphasis placed by the governments of the various countries on the free operation of supply and demand on the housing market and the accompanying desire to inject new life into the private rental sector in a number of countries.

3.2 Characterisation of the private rental sector

In housing research three tenure categories are generally distinguished: the owner occupied sector, the private rental sector and the social rental sector. In addition, in a number of countries (including Sweden and Denmark) a fourth tenure category is distinguished, co-operative home ownership, although notably in Sweden this sector has shown more and more similarities to the owner occupied sector (Lundqvist, 1988: 41). However, for international comparative housing research this breakdown is often insufficient because "the same tenures in formal terms will in fact vary in content in different countries" (Ruonavaara, 1993: 3). Moreover, in many countries are various sub-sectors within one tenure category. It is, therefore, not possible to define the private rental sector (or one of the other tenure categories) unequivocally, more so because there is a constant development of the various (sub)sectors (Ball, 1988: 30). In this paper we shall therefore maintain a broad definition of the private rental sector, whereby the demarcation in respect of the social rental sector is notably of importance.

The principal differences between the private and the social rental sectors is the objective for which dwellings are let. Connected with this there is also in many cases a distinction possible by type of owner. In general, it is true to say that the private rental sector consists of dwellings owned by private per-

sons or institutions (businesses and institutional investors), that are let for the purpose of making a profit. The social rental sector is, in most countries, in the possession of local authorities or non-profit organisations. An exception to this is Germany, where private landlords may operate social dwellings on the same terms as non-profit landlords. When the subsidy period has elapsed, these dwellings fall under the rent regime of the private rental sector. The primary objective in the social rental sector is not to make profit but to create accommodation, often for specific target groups and at a rental below the cost price. The difference between the cost price and the rental is subsidised by the government. A consequence of this is that in the social rental sector access criteria are often applied. Exceptions to this are Sweden and Denmark, where access to the social rental sector is not confined to specific target groups. In these countries reference is made to a general rental sector.

The private rental sector is sometimes regarded as a sector where dwellings are distributed through the market. Access is allocated by ability to pay and the rent level is determined by supply and demand (Ruonavaara, 1993: 15). However, in many countries rent-setting, and above all rent adjustment, in the private rental sector are regulated by the government (see Table 3.3). Against this, the private rental sector in many countries is financially supported in some way by the government (see Table 3.2). Various instruments are used for this, such as indirect support in the form of tax facilities or supply side subsidies in the form of interest subsidy or an operating contribution. The subsidy can relate to the construction of new dwellings or the improvement of existing ones. Finally, in most countries tenants of private rented dwellings also qualify for a form of individual subsidy.

Incidentally, the term 'private rental sector' is in itself confusing. After all, in many countries social rented dwellings are managed by private (non-profit) organisations. Because of the government subsidies they receive and the public service that these organisations perform, they are strongly guided in their activities by government directives, and are thus described as intermediate organisations located between the commercially operating private landlords and the housing companies run by municipalities. In terms of our definitions, the private rental sector is restricted to the element of private renting which is let commercially.

3.3 Developments of housing systems after the Second World War and consequences for the private rental sector

Since the Second World War the housing stock in the various West European countries has grown rapidly, in the first instance as a result of making up housing shortages that developed during the war. Through the post-war baby

boom and the later thinning out of families the need to expand the housing stock continued to be important for a long time.

With the growth of the housing stock the share of the private rental sector, in many cases the dominant tenure category around 1950, decreased sharply in most West European countries (see Table 3.1). Particularly in England and the Netherlands the fall in the share of private rented dwellings was very great. But, with the exception of West Germany, there was also a considerable drop in the other countries. It is worth noting that against the decrease in the average share of private rented dwellings in the seven West European countries from 51% around 1950 to 22% around 1990, there was an increase in the differences between the various countries (the standard deviation rises from 6.5 to 11.8).

In looking further into the general trends in the development of the private rental sector in the seven countries, we need first to describe corresponding developments in the various housing systems and the consequences for the various tenure categories because of their importance in then determining these developments in more detail.

3.4 Similarities in developments

In the post-war period a number of comparable developments can be found in Western Europe regarding the development of government policy and tenure. These developments did not occur in all countries to the same degree and at the same time. Depending on government priorities, the policy instruments applied and developments in the housing market, the variations occur from country to country.

After the Second World War we see strong government intervention in many countries, with policy directed towards the (re)structuring of the economy and, as regards housing, making up quantitative arrears in dwellings. In many cases a stringent rent policy was followed and large-scale house building programmes were implemented. In general, a major role supported by extensive subsidies, was assigned to the public or semi-public social rental sector. Exceptions to this were West Germany and Belgium. In West Germany the private rental sector was called upon for the construction of social rented dwellings via tax facilities and subsidies. In Belgium particularly strong emphasis was placed on the owner occupied sector in making up the post-war housing shortage, even where the housing of lower-income groups was concerned.

In most countries new construction in the private rental sector was relatively limited, despite the fact that in addition to West Germany, in countries like Sweden, Denmark, France and the Netherlands subsidies were also made available for this sector. Compared with the subsidy for other tenure

Table 3.1 Proportion¹ of private rented dwellings in seven West European countries, 1950-1990

	Around 1950	Around 1960	Around 1970	Around 1980	Around 1985	Around 1990	% change 1950-90
Belgium	58 ²	47 ³	42	33 ⁴	31 ⁵	29 ⁵	-50
Denmark	41	-	30	24	22	18	-56
England	53	32	20	12	9	8 ¹³	-85
France	44 ¹⁰	33 ³	29	26 ⁸	22 ¹¹	20 ¹²	-55
West Germany	48	-	46 ⁷	46 ⁸	47 ⁹	-	-2
Netherlands	60 ²	57 ¹⁴	28 ¹⁵	17 ⁴	14	13 ¹³	-78
Sweden	52	38	30	20	20	20	-62

¹ Rounded off to whole percentages, ² 1947, ³ 1961, ⁴ 1981, ⁵ 1986, ⁶ 1991, ⁷ 1972, ⁸ 1978, ⁹ 1987, ¹⁰ 1955, ¹¹ 1984, ¹² 1988, ¹³ 1989, ¹⁴ 1956, ¹⁵ 1971.

¹⁶ For Germany the proportion of rented dwellings in the possession of private persons and commercial institutions is shown. It relates to both social and private rented dwelling. The proportion of unsubsidised rented dwellings, owned by both commercial and non-profit landlords, was 44,5% in 1978 and 45,4% in 1987 (Hills *et al.*, 1990).

Sources: Pfeiffer & Dübel, 1994; Rietman 1993.

Denmark: Pfeiffer & Dübel, 1994; Haffner, 1994.

West Germany: Bundesministerium für Raumordnung, Bauwesen und Städtebau, 1993.

France: Ghekier, 1991.

Sweden: Lundqvist, 1992; Elander, 1994.

England: Lundqvist, 1992; Van der Ven, 1995.

Netherlands: Van der Schaar, 1979; WBO 1981, 1985/86, 1989/90, processed by OTB.

categories, however, the financial support for the private rental sector became steadily less generous (Harloe, 1985: 299) or was entirely absent, as in Belgium and England.

Once the major part of housing shortages had been eliminated and vigorous economic development was underway, more attention was devoted to housing quality. Besides new construction, government policy was directed, to an increasing extent, towards improvement of the quality of the existing housing stock (Boelhouwer and Van der Heijden, 1992). A major part of the old, poor-quality dwellings at which the policy was directed were in the private rental sector. At first policies concentrated on demolition and rebuilding but later shifted to rehabilitation (Harloe, 1985: 299). Where private rented dwellings were concerned, this was often accompanied by a change in tenure, and resulted in a decrease in the size of the private rental sector. Many landlords could not afford or manage the process of rehabilitation and many tenants could not afford the increased rents that usually resulted (Harloe, 1985: 300).

The income growth among large sections of the population that accompanied economic development led to an increase in home ownership. Moreover, the owner occupied sector in various countries was (and is) encouraged via direct and indirect subsidies in the form of tax facilities. Of very great importance to the growth of home ownership (and to increase in the indirect subsidisation of this sector) were the financing facilities for private persons in the form of mortgages, which became more readily available in the post-war period (Martens, 1988). The growth of home ownership came about gradually in many countries with the conversion of private rented dwellings into owner occupied ones. In general, these were older dwellings in the possession of small private landlords. These landlords were unwilling or unable to make the required investments, partly in view of the rent regime, to raise their dwellings to a qualitatively acceptable level. Moreover, the growth of inflation

sharply raised costs at a time when an increasing proportion of those housed by the sector had severely limited ability to pay higher rents (Harloe, 1985: 289). For those who could afford it, buying became more attractive than renting. The increasing demand for owner occupied dwellings and the resulting price increases in the owner occupied market contributed to the conversion of private rented dwellings into owner occupied ones.

During the 1970s, partly as a result of a stagnation in economic development, a trend began in housing policy in the various countries, characterised by a drop in public investments and a shift from government regulation to control allocation through market mechanism. Decreasing financial support shifted from generic to specific subsidies aimed at the socio-economically weakest groups. The pattern of transition in housing policy from a housing market strongly regulated by the government to more market orientation has proceeded in the various countries in different ways. In general, government support in the form of indirect support, remains considerable. Since in all countries the proportion of owner occupied dwellings in the housing stock is increasing, the importance of these fiscal concessions becomes ever greater. Exceptions are Denmark, Sweden and (to a lesser extent) England, where the fiscal concessions to owner occupiers have been cut back.

The principal changes in government policy relate to the treatment of the social rented sector. Financial support to this sector has decreased, and is increasingly directed towards the lower-income groups. In a number of countries efforts have been made for varying lengths of time to privatise parts of the social rented sector. In other countries the regime within which the social rental sector has to operate is increasingly coming to resemble that of the private rental sector (Boelhouwer and Van der Heijden, 1994: 331). One result is that the share of the social rental sector is stagnating or declining. In Belgium and England there is even an absolute decrease in the number of social rented dwellings. Moreover, in several countries the function of the social rental sector in the housing market is changing. To an increasing extent a concentration of socio-economically vulnerable groups is occurring. At the same time housing shortages are re-emerging in a number of countries. In relation to both, there is a certain absolute shortage and a shortage of dwellings that are affordable and accessible to lower-income groups (Boelhouwer and Van der Heijden, 1992). For the private rental sector this change in policy may perhaps mean new opportunities. This will be examined further in the fifth section.

3.5 The decline of the private rental sector

As stated above, the decline in private renting that occurred in almost all countries (with the exception of West Germany) has been the result of:

- demolition of existing, poor-quality private rented dwellings;

-
- conversion of private rented dwellings into owner occupied ones;
 - relatively little new construction of private rented dwellings.

The consequence of the limited new construction of private rented dwellings since the Second World War is that 40-60% of the present private rental sector dates from before 1950. In England 56% of the private rented dwellings were built before 1919 (Van de Ven, 1995).

As an explanation for the decline in the share of private rented dwellings and the limited new construction of dwellings in this sector, rent protection and rent control are often mentioned. However, in practice this is only one of the factors affecting the development of the supply and demand for private rented dwellings. Via a liberalisation of the rents and the reduction of security of tenure the possibilities of achieving a sufficient return may increase, but this does not necessarily mean there is a sufficient effective demand for the dwellings. This is partly dependent on the sector's competitive position with regard to other housing sectors in the housing market. The government can exert a major influence on this by granting tax facilities and providing financing and operating subsidies to the suppliers of dwellings and individual subsidies to those demanding dwellings.

As stated above, the political and financial support in most countries in the post-war period had principally been aimed at the social rental sector and at the owner occupied sector. In addition, the social rental sector in a number of countries (Sweden, Denmark, the Netherlands and, for some time, England) is intended to accommodate broad sections of the population. These developments have resulted in a decline in the competitive position of the private rental sector. For large sections of the population the social rented sector and the owner occupied sector are attractive alternatives to the private rental sector. This has led to a situation where in most countries there is a split in the private rental sector. In addition to a sub-sector of pre-war private rented dwellings, often in the possession of individuals and small companies, there is a segment post-war dwellings, where institutional investors play an important role as owners.

After 1945 the role of individuals as investors came to an end in most countries. In many cases private individuals are not able to raise the financial resources that are involved in the construction of new dwellings for rent. Moreover, pension provision has been taken over by large institutional investors, so that the motive for investing in house building has disappeared for them. Despite the fact that the decline of the private rental sector in many West European countries is principally caused by a decrease in the number of dwellings owned by private individuals, this section of the market still forms a major part of the whole sector (Van de Ven, 1995). In most countries the dwellings that are let by private landlords are of poor quality, have relatively low rents and an unfavourable price-quality ratio. They are often occupied by households with a poor position in the housing market. For these households

the social rental sector is in many cases unattainable. The continuing decline of these older private rented dwellings, combined with the decreasing government aid to the social rental sector in many countries, may thus lead to housing problems for the weakest groups in the housing market.

After the Second World War, institutional investors became active in the housing market in various countries. For institutional investors and also insurance companies, investment in housing affords protection against inflationary developments. The need to spread risks makes it attractive for them to invest a limited part of their capital in housing. The existence of operating subsidies and tax relief has contributed to the attractive nature of investments in housing in various countries in the past. The dwellings owned by the larger institutions that came into being after the Second World War are of good quality and are occupied by higher-income groups, often with specific housing demands.

3.6 Country-specific developments

Behind the similarities in the development of housing policy and the private rental sector lie great differences between the various countries. In this section the specific characteristics of the private rental sector in each of the seven countries are discussed. The emphasis lies on the present position of the sector within the various housing systems. In addition to the size of the sector (see Table 3.1), the target groups served, its specific housing characteristics, its share in the production of new housing and government policy with regard to the sector are of importance in this framework. A survey of the present policy instruments for supporting the private rental sector and for regulation and protection is given in Tables 3.2 and 3.3. This section concludes with a brief description of the major differences in the position of the private rental sector within the various housing systems.

Belgium

In Belgium, traditionally support is granted for owner occupied housing. In contrast to the social rental sector (7%), the private rental sector, with 29% of the housing stock, occupies a prominent position in the housing system.

The private rental sector is very one-sided in its composition. The most vulnerable groups in the housing market have to fall back on the private rental sector. They cannot afford a home of their own and the small social rental sector is often unattainable. The consequence is that the low-income groups compete with one another to obtain a private dwelling for rent (De Decker, 1990). This results in the private landlord occupying a very strong position with respect to the (potential) tenant. As a result, the landlords are not encouraged to maintain or improve the dwellings. The general quality of the

Table 3.2 Current instruments for supporting the private rental sector in seven West European countries

	Subsidy for new construction	Subsidy for dwelling improvement	Special tax facilities	Individual rent subsidy
Belgium (Flanders)	No	Confined to private rented dwellings let as social rented dwellings and tenants of private rented dwellings	No	Confined to specific target groups like the elderly, invalids and homeless and occupants of socially let private rented dwellings
Denmark	No	No	No	Yes, separate systems for pensioners and non-pensioners
England	No	Yes, various schemes	No	Yes
France	Reduced state loan (rent and income of tenant bound to maximum)	Yes, for improvement of older private rented dwellings	Exemption from property tax (limited period)	Yes, various schemes for different categories of dwellings and tenants
Germany	No (<i>freifinanzierte Wohnungen</i>) Yes, provided that the dwellings are let under the social regime during the subsidy period	Yes, loans with low interest and operating subsidies	Favourable depreciation allowances, especially for newly constructed rented housing	Yes
Netherlands	Yes, responsibility of provinces and larger municipalities	Yes, responsibility of provinces and larger municipalities	No	Yes, comparable with social rental sector
Sweden	Interest subsidy, is being run down	Interest subsidy, is being run down	No	Yes, separate system for pensioners and non-pensioners

Sources: Boelhouwer & Van der Heijden, 1992; Van de Ven, 1995; Wiktorin, 1993; Papa, 1992; Pfeiffer & Dübel, 1994

private rental sector is thus relatively low (De Batselier, 1994; De Decker, 1990; Goossens, 1982), although this does not apply to the fairly limited section of the market with expensive, good-quality apartments for rent, which is concentrated in Brussels.

The greatest part of the private rental sector in Belgium is owned by individuals and small companies. Institutional investors own 21% of the private rental dwellings (Van de Ven, 1995). No data are available on the volume of new construction of private dwellings for rent in Belgium, since no differentiation between private rental and total private housing is made (Pfeiffer and Dübel, 1994).

From an international point of view, it is remarkable that the private rental sector is the responsibility of the (national) Minister of Justice; the government regards private letting as a matter of a contract between landlord and tenant. As a result, this sector falls largely outside the reach of housing policy.

Recently the facilities for obtaining rent subsidies for certain groups of tenants of private rented dwellings in Flanders have been widened. Moreover, there are plans for introducing minimum qualitative standards for the private rental sector (De Batselier, 1994: 170). In 1991 a new national Rent Act was introduced in Belgium with the aim of increasing the legal protection of tenants by extending the fixed length of the tenancy agreement to nine years (see Table 3.3). The rent level is freely agreed. Rent increases are based on an index that is dependent on the development of the cost of living.

Housing policy in Belgium is, for the time being, directed in the first instance towards promoting homeownership. In addition, increasing the size of the social rented sector is being pursued. Recently steps have been taken

Table 3.3 Current regulation of rent-setting, rent adjustment and rent protection in the private rental sector of seven West European countries

	Regulation of rent-setting	Regulation of rent adjustment	Rent protection
Belgium (Flanders)	No	Rent increase maximized by change in the retail price index.	Tenancy agreements for given period (usually 9 years). After 3 or 6 years agreement may be cancelled by the landlord. Compensation has then to be paid.
Denmark	Starting point is cost-related rent (regulated municipalities) or neighbourhood standard rent system (unregulated municipalities). For dwellings built after 1992; no regulation of rent-setting.	Rent increases have to be justified by higher expenses (regulated municipalities) or by an increase in the value of the dwelling (unregulated municipalities).	Indefinite-term tenancy agreements. In specific cases, temporary tenancy agreements are possible. The agreement can be freely cancelled (one year's notice) in the case of two-family houses, provided the owner occupies the other dwelling.
England	No	No, with the exception of agreements concluded before 1989 (fair rents).	Duration of the agreement for a certain period (short-hold assured tenancy) or indefinite period (assured tenancy). Security of tenure applies only for the duration of the tenancy agreement.
France	Dwellings not rented before and renovated dwellings: not regulated. New tenants: reference rent is maximum. Extension of tenancy agreement: development of construction cost index is maximum.	Increase in construction Cost Index is upper limit. If rents are undervalued, increases may be announced in accordance with local neighbourhood rents.	Duration of the agreement is 3 years minimum. Security of tenure applies only for the duration of the tenancy agreement.
Germany	No (maximum 50% above level of <i>Vergleichungsmiete</i>).	Maximum rent increase confined to: -level of <i>Vergleichungsmiete</i> (rents of comparable dwellings in the same area); -30% within three years.	The duration of a residential lease is infinite. Rent protection restricted in the case of two-family houses, provided the owner occupies the other dwelling.
Netherlands	Rent-setting of all new dwelling and existing dwelling with a rent above a given level is not regulated. For existing dwellings with a rent below that level the maximum reasonable rent according to the dwelling assessment system applies.	For existing tenancy agreements a maximum rent increase percentage applies (1995: 6%). For tenancy agreements concluded since 1994 a maximum rent increase percentage applies for rents below a certain level. Above this level rent increase is not regulated.	Indefinite-term tenancy agreements.
Sweden	Rent-setting is in principle free. If the parties disagree upon the rent the regional rent tribunal sets the rent on the basis of the rent of comparable non-profit dwellings in the area (utility value).	Rent adjustment takes place on the basis of collective or individual bargaining. Maximum rent increase depends on the rent development in the non-profit sector (utility-value system).	Indefinite-term tenancy agreements.

Sources: Boelhouwer & Van der Heijden, 1992; Van de Ven, 1995; Wiktorin, 1993; Papa, 1992; Pfeiffer & Dübel, 1994

to use vacant poor-quality private rented dwellings (after improvement by social landlords) for social housing. The private owner receives a guaranteed yield from rent, and the dwellings are let by a social landlord. The rent that the occupant pays depends on household income. The difference between the guaranteed rent and the rent paid by the occupant is subsidised. The duration of the tenancy agreement with the private owner is a minimum of 15 years. Goossens (1988) suggests that the result of this system may be that making a sufficient return on invested capital will come to play an increasingly important role, and the accountability of these dwellings for the low-

er-income groups may decrease in the long run. Moreover the overall policy has not proved successful so far, chiefly as a result of extensive and lengthy administrative procedures (De Batselier, 1994: 102).

Denmark

As indicated in Table 3.1, the private rental sector in Denmark in 1990 formed about 18% of the total housing stock. The greater part of the private rented dwellings were built before 1960. The construction of private dwellings for rent fell sharply in the 1960s. Increases in land prices and building costs and the absence of direct government subsidies (which were given for building social housing for rent) were the main causes of this (Haywood, 1984: 207). The non-subsidisation of the private rental sector is very much a policy of the political ideology of the dominant Social Democratic Party in Denmark. This party has repeatedly argued that it is immoral to own the dwelling of another person (Christiansen, 1990: 20).

In the 1970s and the 1980s the share of private rented dwellings fell further as a result of urban renewal activities (demolition of old private rented dwellings), as well as conversions of private rental housing into co-operative housing and condominiums (Boligministeriet, 1994).

The present legislation concerning rent control dates from 1975. Local authorities with a population exceeding 20 000 are obliged to regulate rents. In small local authorities the municipal council may decide on this. The consequence of these arrangements was that in 1991 some 90% of the rents were regulated. The point of departure for rent regulation is a "rent determined by expenses" (Skifter Andersen, 1992: 41). Even in the unregulated local authorities the setting and adjustment of rents is subjects to rules. The starting point is then the value of the dwelling, i.e. the rent that is normal for dwellings that are comparable to the rented dwelling (Boligministeriet, 1994: 12).

On average the quality of the private rented dwellings is lower than that of the other tenure categories. It has been estimated that 60% of all substandard dwellings in need of modernisation or restoration are located in the private rental sector (Boligministeriet, 1994). However, there is a considerable spread. In contrast to the good quality, new, private rented dwellings there are the poor quality dwellings that are concentrated in the older parts of the stock. Skifter Andersen (1992: 43) argues that the main problems of maintenance go back to the period before 1976, when there was no obligation to transfer a fraction of the rent to a maintenance account, and landlords had to pay for maintenance out of their general rental incomes. As a result, at the start of the new period of rent control, there was a big backlog of maintenance. The new rules had the effect that more money was channelled into maintenance but the transfers laid down by legislation were too small, especially in the oldest and worst parts of the stock. These older, private rented dwellings are often occupied by vulnerable groups in the housing market (Skifter Anders-

en, 1992: 42). The average rent in the private rental sector is lower than in the social rental sector. This is caused chiefly by the low rent of the older, poor quality rented dwellings. For houses built after 1970, private rented dwelling rents are higher than those of social rented dwellings (Boligministeriet, 1994: 15). The system of individual rent subsidy is also applicable to the private rental sector.

Recently some initiatives have been taken to encourage investment in private rental housing. In 1992 rent-setting regulation for new, private rented dwellings was abandoned. However, since the Danish housing market is approaching the point of saturation, major increases in the construction of private rental housing are not expected. In 1993 the share of the private rental sector in total house-building construction (10,000 dwellings) was nearly 20%. Most of these dwellings were built by pension funds and insurance companies and generally they are in the more expensive market segment (Boligministeriet, 1994).

England

The share of the private rental sector in the English housing stock fell rapidly after the Second World War to only 8% in 1989. Since then, partly through incentives taken by the government (see below), the share of the private sector has again risen to about 10% in 1993 (Van de Ven, 1995).

After the Second World War many private rented dwellings were demolished or sold to owner occupiers. Until 1989 new private dwellings for rent were barely added to the stock. According to Forrest and Murie (1984) the decrease in the investment in private rented dwellings was caused by a low return on invested capital compared with alternative investment possibilities. In addition rent control, which was in force for a long time after the Second World War, and the government requirements concerning the quality of dwellings likewise played a role. In addition, after the largest post-war housing shortages had been eliminated, partly by large-scale production of social rented dwellings, English housing policy has been very strongly aimed at promoting home ownership. Partly due to the direct and indirect aid to the social rental sector and the owner occupied sector, the private rental sector occupies a poor competitive position.

The private rental sector consists, to a relatively large extent, of flats in blocks and furnished apartments. The sector is relatively old (56% of the dwellings were built before 1919) and, compared with the other tenure sectors, has a low level of amenities. Young people and (to a smaller extent) the elderly are over-represented in the private rental sector. According to Harloe (1990) these two age categories in general occupy a different type of dwelling. The young people often live in small furnished apartments with shared amenities. Conversely, the elderly occupy old single-family houses that are larger, but generally have few amenities.

The greater part of the private rental sector is owned by individual landlords. Property companies do not play a major role as providers of private rented housing, and institutional investors do not generally invest directly in residential property (Mew, 1994: 78).

In England there are no property subsidies for the construction of new private dwellings for rent. However, use can be made of improvement grants. Tenants of private rented dwellings qualify for housing allowances.

Despite of the rapid decrease in the sector, the British government regards the private rental sector, together with the housing associations, as an alternative to the owner occupied sector for households that are unable or unwilling to buy a home of their own. The government therefore tried various ways in the 1980s to increase the share of the private rental sector in the English housing stock. In 1988 some important changes were introduced under the Housing Act. In particular, all new tenancy agreements in the private rental sector are deregulated (see Table 3.3).

Housing associations currently provide most additional social housing, but they have to operate increasingly in conformity with free-market principles, with less subsidy and more financing on the capital market, which results in higher rents (see Pryke and Whitehead, 1994). At the same time there is a shift going on in part of the social rental sector to a regime increasingly resembling that of the private rental sector.

In 1988, to encourage investment in the private rental sector, an existing Business Expansion Scheme (BES) was extended to investments in private dwellings for rent for five years. Investors in such BES qualified for fiscal advantages (see Oxley and Smith, 1993; Papa, 1992). This scheme ended in 1993. Between 1988 and 1993, 40,000 private dwellings for rent were added to the stock via the BES (Coopers and Lybrand, 1993). Most investments were made in the attractive suburbs and in the cities. Two- and three-room dwellings dominated. The target group, therefore, consisted principally of small households with high mobility and earned income (Crook *et al.*, 1990). The recent increase in the private rental sector can also be ascribed to the recession in the English owner occupier market. Temporary letting forms an alternative for owners who cannot sell their dwelling without considerable loss of capital (Whitehead and Kleinman, 1994: 2). It is, therefore, still a question of whether the upturn in the English private rental sector is of a structural nature.

France

In France the private rental sector was fairly stable in terms of absolute numbers of dwellings until the 1980s. However, as a result of demolitions, office conversion or conversion into the owner occupied sector, the number of private rented dwellings fell quickly thereafter (Oxley and Smith, 1993: 3; Wiktorin, 1993: 40). The share of the private rental sector declined in the period

1978-88 from 26% to 20%.

The quality of private rented dwellings is on average worse than in the social rented sector. Generally, the dwellings are also older too; 56% of the private rented dwellings were built before 1948. The old, cheap dwellings of low quality, often owned by private persons, are occupied predominantly by households on low incomes. It is above all these old, private rented dwellings that disappear from the private rental sector because of demolition and conversion (Van de Ven, 1995; Wiktorin, 1993).

For the construction of new buildings and the purchase of existing dwellings, private landlords can make use of various forms of subsidised loans. However, conditions are laid down regarding the income of the tenants, the period for which the dwellings are let and the level of rent. In addition, there are property tax exemptions for new housing. These tax exemptions hold good for a given period: two years for unsubsidised dwellings and 10-15 years for dwellings financed by subsidised loans (Ghekiere, 1991). Private rented dwellings which are older than 15 years qualify for a subsidy for dwelling improvement. In that case two conditions are laid down, (a) with regard to the period for which the dwellings are let after improvement and (b) the level of rent (Van de Ven, 1995).

Tenants of private rented dwellings in France may lay claim to various individual subsidy schemes. Some of these subsidies are paid from employees' contributions or from social security contributions.

In the private rental sector a distinction can be made between rented dwellings regulated by the Rent Act of 1948 and that of 1989. Of the total number of private rented dwellings, some 12% still came under the 1948 Rent Act in 1988, but this share is rapidly shrinking. When the Act was adopted, the restrictions (security of tenure and strict rent control) were introduced only for the existing dwellings. After 1948 new construction had to operate more in accordance with the market mechanism. However, various governments have applied rent freezes during the past decades. To give the private rental sector an incentive, the Méhaignérie Law was adopted in 1986. This law freed up the rents of new and vacated units, and allowed rents to be revised annually in line with the construction cost index. In 1989 this liberalisation was again partly nullified through the Mermaz-Malandain Law which offered the possibility of freezing the rents for one year in the case of an "abnormal situation on the rented dwelling market". For the Paris Region such a decree was adopted in August 1989, and extended in the following years.

There are increasing efforts by the government to try to boost investment in the private rental sector (Oxley and Smith, 1993). Private rental housing is considered important for new households in transition to owner occupied or social housing (Pfeiffer and Dübel, 1994: 12). Notably, lower-income groups have to rely on the older, private rented dwellings. For the middle-income groups the government is trying to promote an 'intermediate class' of pri-

vate rented dwellings, meant for households that have too high an income for the social rental sector, but have difficulty finding accommodation in the unsubsidised sector in the cities where the housing market is tight. In addition to the liberalisation of rent and the availability of subsidised rental loans, the fiscal measures introduced to encourage private investments in 1985 are being expanded (Santel, 1991: 28).

Recent reports (Louvot, 1992) suggest that these measures have had some positive effect on new construction levels. While 5,000 dwellings were built in the private rental sector in 1985 (1.7% of total housing production), by 1990 an estimated 20,000 new houses (6.5% of total housing production) were destined for the sector (Oxley and Smith, 1993). However, this new construction is not enough to compensate for the decrease in the number of old, private rented dwellings, so that on balance the sector is becoming smaller. This has particular consequences for the housing possibilities of weaker groups in the housing market, who are not always accepted in the social rental sector.

(Former West) Germany

Characteristic of the organisation of housing accommodation in West Germany since the Second World War is the absence of a clear separation between private persons who let on a profit basis and non-profit institutions that let social rented dwellings. Both categories of landlords can let both subsidised and unsubsidised dwellings. Subsidised dwellings fall (during the subsidy period) under the regime of the social rental sector. Social housing is converted into private housing after low-interest public loans have been repaid.

Depending on the definition chosen, in 1987 the size of the private rental sector in West Germany was 47% (all rented dwellings in the possession of private persons) or 45.4% (all unsubsidised rented dwellings). The share of the private rental sector in the overall housing stock has remained reasonably high and stable in past decades. Three reasons may be given for the relatively large share of private rented dwellings in West Germany:

- The price of owner occupied dwellings is high and the financing structure requires the contribution of a significant proportion of own funds. Before the switch is made to the owner occupied sector, a considerable amount of money is saved over a long period. The subsidisation method is geared to this. It favours households with children and encourages saving. Depreciation allowances can be obtained only once in a lifetime and discourage trading-up (Papa, 1992).
- Unlike other West European countries, in Germany new dwellings are being built for the private renting sector. Foremost, individuals and small companies act as investors in house building. Their interest is directed in the first place towards profiting from the fiscal advantages. Via a number of tax deductions the government succeeds in keeping this interest alive. Some 65% of the private rental sector is in the hands of private persons.

- Through the unique (temporary) subsidy system in the social rental sector the number of private rented dwellings is still rising (in absolute terms) annually. In the 1990s many subsidy periods come to an end, mostly because since 1981 the possibilities of accelerated repayments on subsidised loans have been extended. Thus at national level, of the 4 million social rented dwellings in 1987, only 1 million will remain as social housing in the year 2000 (Fuhrich, 1987: 99).

In the private rental sector rents apply, but rent increases are regulated (see Table 3.3). Security of tenure is also strong in West Germany.

About 40% of private rented dwellings were built before the Second World War. As a result of (subsidised) renovation and dwelling improvement the quality of the older, private rented dwellings has improved considerably, mostly in the last 15 years.

Partly because of the size of the sector, the subsidy methods and the availability of housing allowances, the private rental sector provides accommodation for broad sections of the population. Rents in the private rental sector are generally higher than those for social rented dwellings. In recent years there has been a growing concentration of the lowest-income groups in social rented dwellings, notably those owned by municipal housing companies (Van de Ven, 1995).

Since 1990, as a result of the greatly increased housing shortage arising from limited or low building production in the 1980s and immigration from former East Germany and other East European countries, house building production in Germany has increased considerably. The strong growth in the demand for housing has led to a rise in the rents for new dwellings and for renewed tenancy agreements. Together with an increase in 1989 in the depreciation allowances for new investment in rented housing, this has contributed to favourable circumstances for investment in the private rental sector. In 1992 the share of the private rental sector in total house building production (384 600 dwellings) therefore was over 46% compared to 16% social rented dwellings and 35% owner occupied dwellings (Van de Ven, 1995).

The Netherlands

The share of the private rental sector in the Dutch housing stock fell from 60% in 1947 to 13% in 1989. This decrease was chiefly caused by a rapid decline in the number of dwellings in the possession of private individuals (Adriaansens and Priemus, 1986). In 1990 about 7% of the housing stock (54% of privately rented dwellings) was still let by individuals and small companies.

In much of the private rental sector there is a relation between housing and pension provision. Regarding the pre-war stock, in many cases private individuals let a number of dwellings having acquired their properties with a view to their old age. In the post-war stock, the link between housing and provi-

sion for old age is made by financial institutions such as pension funds and life insurance companies.

The pre-war private rental sector consists predominantly of relatively poor, small, cheap dwellings, often in the form of medium rise purpose-built flats, located in the central city districts. The occupants are either young or very old. Mobility is high. Many dwellings are sold to owner occupiers or to local authorities or housing associations.

The post-war private rental sector, chiefly the property of institutional investors, forms a market segment completely different from the pre-war private rental sector. The investment sector consists on average of good, large and expensive rented dwellings, concentrated in areas of the Netherlands where there is a strong demand for housing. The occupants have relatively high incomes and are mobile.

The production of new dwellings in the private rental sector since the Second World War arises chiefly through institutional investors. The greater part of these dwellings have been subsidised. Until the end of the 1980s the subsidy regulations for private and social rented dwellings were comparable. Since then the subsidies for new, private rented dwellings have been sharply reduced. In the period 1988-93 the share of the private rental sector in new construction declined from about 10% to 7%. This was accompanied by a considerable increase in the share of owner occupied dwellings in new construction production.

Security of tenure is strong in the Netherlands. The legal position of tenants is the same in the social and private rental sectors. The rent regime was amended in 1994. For all new dwellings and expensive existing dwellings rent-setting has been liberalised. For tenancy agreements concluded since 1994, rent adjustment is also no longer regulated from a given rent level (see Table 3.3).

In recent housing policy encouragement of home ownership has been prominent. Regarding the rental sector, the government aims to attain a social rental sector which can be to a large degree financially independent, with the housing allowance as the principal subsidy instrument. Tenants of both social and private rented dwellings qualify for this allowance. With effect from 1995, no further general subsidies are to be given for the construction of either new social and private rented dwellings. However, larger local authorities and joint ventures of smaller local authorities have at their disposal decentralised subsidy budgets that can be used to promote house building production and large-scale dwelling improvement of pre-war private rented dwellings. The use of these financial resources by the budget-holders will depend on the local situation in the housing market.

Sweden

The share of the private rental sector in the Swedish housing stock is at pre-

sent about 20%. Until 1945 the majority of apartment houses in Sweden were built in the private rental sector. This changed when, after 1945, government policy was directed towards building social dwellings for rent. In the 1960s and 1970s some 20% of the expansion of the housing stock still occurred in the private rental sector, whereas by 1980 this percentage had fallen to about 10%. The various tenure sectors in Sweden differ strongly as regards dwelling type. Rented dwellings and co-operatives are for the greater part blocks of flats, whereas the owner occupied sector consists exclusively of single-family dwellings. Foremost in the 1980s was the frequent conversion of private rented dwellings into co-operative residential property. Private co-operatives of former tenants were being set up to buy up the dwellings from the landlord (Lundqvist, 1988: 104).

The ownership structure within the private rental sector is heterogeneous. Some 75% of the private landlords own 26% of the total number of private rented dwellings. On the other hand, 1% of the largest landlords own one-third of this total.

Private rented dwellings are in general older, are located on small estates and are smaller than dwellings in the social rented sector (60% of the dwellings in the private rental sector consist of two- and three-room dwellings). Regarding the tenants, the elderly and higher-income groups are somewhat over-represented in the private rental sector. The quality of both the private and the social rented dwellings is generally good. This is due in part to a large-scale (subsidised) dwelling improvement programme in the 1980s, during the course of which many outmoded dwellings were modernised (Van de Ven, 1995).

Since 1978, the development of rents in the private sector has been directly linked to rent development in the social sector. The latter is determined via bargaining between tenants and landlords. The result of the bargaining determines rent development in the private rental sector (see Table 3.3). The price-leadership role of the sector is at present under discussion in Sweden. Moreover, in the annual negotiations the rent increase is no longer fixed for the whole municipal housing company, but per estate. This more market-oriented approach makes it possible to differentiate rent adjustments, depending on local variations in standards, location, environmental quality and public and commercial services (Elander, 1994: 101).

The central point of departure for the subsidisation of housing in Sweden is the equality of treatment between tenure. As in the social rental sector, private landlords also qualify for interest subsidies in the financing of new construction, although the conditions are less favourable. The system of individual subsidies in Sweden applies to all housing sectors.

Recently, the extent of direct and indirect subsidy in all housing sectors has been cut back. As a result, housing costs for all categories have risen sharply. New construction in Sweden has fallen sharply in all sectors in recent years.

Nor is it expected that the level of production will rise before the year 2000.

The present system of interest subsidies, which came into effect in 1993 and applies to new construction and dwelling improvement, is also already being run down. The changes in the tax and subsidy system are less unfavourable to the private rental sector than to the other tenure categories, so that differences in treatment are becoming smaller (Hendershott *et al.*, 1993: 112). According to Elander (1994: 101), the two kinds of rented housing are “converging in the framework of a more market-oriented policy strategy”.

Differences in the position of the private rental sector in the various housing systems

As emerges from Tables 3.2 and 3.3, there are considerable differences between the various countries in the use of policies for supporting the private rental sector and regulating rents as well as the degree of rent protection. Assessing the effect of the current policy instruments on the proportion of private rented dwellings in the housing stock and on the volume of new construction of private rented dwellings is, of course, not possible on the basis of these Tables. The development of policy instruments has not been directly taken into account. Moreover, the volume of the investment in the private rental sector is partly determined by the financial support given by the government to other housing sectors and the ‘competition’ of alternative investment possibilities. A direct relationship between the size of the private rental sector and the degree of financial support of the sector by the government therefore does not always prove to exist. For instance, the size of the private rental sector in Belgium, despite the absence of property subsidies, special tax facilities and a general system of housing allowances is nevertheless relatively large, whereas the private rental sector in the Netherlands is relatively small, despite the fact that property subsidies were available for a long time. The difference in competitive position of the private rental sector between the two countries is much more important.

In England, Denmark and Belgium financial aid to the private rental sector in the form of direct subsidies or tax facilities is practically non-existent. In Sweden and the Netherlands subsidisation of the sector has been, or is being, run down. Only in Germany and France are subsidies given to private investors, whereby landlords are bound for a certain period to rules taking account of rent levels and the income of the tenants. In addition, these countries have special tax facilities to encourage new construction of (unsubsidised) private rented dwellings.

England is the only country where both rent-setting and rent adjustment are not regulated by the government (any longer). In the other six countries various instruments still are used to regulate rents. In general, however, there is increasing deregulation of the rents in the private rental sector. The exception to this is Belgium. Rent protection is strongest in countries where,

in principle, tenancy agreements are concluded for an indefinite period (the Netherlands, Denmark, Sweden and Germany).

The proportion of private rented dwellings in the possession of institutional investors is highest in the Netherlands and Sweden, with 46% and 40% respectively. Conversely, this category of owners plays a very limited role in Germany and England.

In the recent housing policies in all these countries a different role has been given to the private rental sector. In Germany and Belgium private investors are encouraged by subsidies and tax measures to meet the need for (cheap) rented dwellings. In Belgium, increasing the size of the social rental sector is the main priority, whereas in Germany they are dealing with quantitative housing shortages. In France and England there is an attempt to strengthen the position of the private rental sector, which has to function as a 'regulator' between the dominant market segments. In France subsidies and tax advantages are made available for this, whereas in England a tax relief scheme which started in 1988 was terminated in 1993.

In a number of countries the competitive position of the private rental sector is being indirectly improved. Thus, notably in Sweden, the Netherlands and England the system of supply subsidies is being run down, and as a result differences between the social rental sector and the private rental sector are shrinking.

The volume of new construction in the private rental sector also differs. In Germany the sector is responsible for nearly half of new construction, whereas in France and the Netherlands it accounts for only 6-7% of the total of new construction production. In these countries the volume of new production in the private rental sector is too small to be able to counter the continuing decline in this sector. The same applies to Denmark, where 18% of the (limited) new construction production consists of private dwellings for rent. Through demolition and the conversion of existing private rented dwellings, the share of the sector in the housing stock will fall further. Besides Germany, England is the only country where the share of the private rental sector has grown in recent years. This growth is in part the result of a temporary tax measure and depression in the market for owner occupied dwellings.

3.7 The future of the private rental sector

In general, governments in many West European countries are withdrawing from the housing market in favour of the free functioning of supply and demand. This often leads to a decrease in aid to the social rental sector and greatly limits the function of this sector to lower-income groups. Although the decrease in government aid is clearly less than in the social rental sector, for the owner occupied sector government assistance is also on the wane.

For instance, in a number of countries (Sweden, Denmark and England) there has been a decrease in (fiscal) aids to owner occupation. In Sweden there is a housing policy of equal treatment of all forms of tenure. In other countries too voices are being raised, with increasing frequency, in favour of reducing aid to the owner occupied sector in the long term. If this trend continues and governments actually proceed to reduce the aid to the owner occupied sector, this will lead to a better competitive position for the private rental sector.

Recently there have again been regional housing shortages in a number of countries (France, England, Germany, the Netherlands), especially in urban regions with strong economic growth. In these regions, in particular, possibilities may arise for the private rental sector. To a limited extent this relates to expensive dwellings for high-income groups and the growing group of elderly people with particular housing demands. However, for a large percentage of the households with relatively high incomes the owner occupied sector will remain the most obvious choice. In addition, it is not inconceivable that the private rental sector can fulfil a greater function for some lower- and medium-income groups. If the social rental sector is closed off to these groups and the owner occupied sector remains financially unattainable and involves too many risks, a vacuum will be formed on the housing market.

Whether this vacuum will be filled by the production of new dwellings or the better use of the existing stock in the private rental sector depends, among other things, on the possibilities of making a sufficient return. An increased return can be attained by a sharp rise in the rent level (in a number of countries this is already happening in areas with a housing shortage) or a (further) fall in the quality of the new production. It also possible to grant (more) financial aid to private landlords in the form of tax facilities or operating subsidies to improve the competitive position of the sector in the housing market. Such a situation exists in Germany. In countries such as France, Belgium and England a development of this kind is not inconceivable, given recent government policy.

For the weakest groups in the housing market, however, this will not be a solution, for they remain dependent on the existing stock of cheap dwellings. If not dwellings become available for them within the stock (via movement up the housing ladder), this will probably lead to postponement of living independently (living with others) or the search for housing substitutes. In this context, we query the desirability of increasing the financial contributions to the private rental sector in respect of an (independent) non-profit rental sector for the housing of low-income groups. In the first case large sums can be lost to housing via speculation and profits, in particular in an overstrained market. Short-term success then yields great drawbacks in the medium term, and is one of the objections that Goossens has raised in the use of private rented dwellings for social housing in Belgium (see the fourth section).

Finally, it should be mentioned that the prospects briefly referred to in this

section for the private rental sector are of a very general nature, and in part pass over the great differences noted earlier in this paper between countries regarding the function of the sector within the housing system. The potential for allowing specific housing sectors to play a part in the solution of housing problems will, therefore, have to be considered within the context of the unique housing system and the measures to be employed by each country.

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4 Universalistic, particularistic and middle way approaches to comparing the private rental sector

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Abstract

The paper will argue that the meaning and definition of private renting varies from country to country, and this presents a series of challenges for comparative research. It will demonstrate a lack of equivalence between 'private rented housing sectors' in Western Europe and show that this arises from variations in definitions, property rights, the role of the tenure in relation to other tenures, and differences in the characteristics of both landlords and tenants. It will show that an argument can be made that the private rental sector is a different phenomenon in different countries but that comparisons are still valuable. It will argue that between the extremes of universalism, that emphasise similarities, and particularism that emphasises differences, middle way approaches that consider contexts, apply commensurability and apply theory that is fit for purpose all have strong methodological advantages. The argument will be expanded by reference to the authors' work on applying the concept of a competitive gap between market and social renting in six European countries.

4.1 Introduction

Comparisons of private rented housing sectors between countries face two fundamental problems: what is the private rented sector and is it the same phenomenon in different countries? In this paper we consider these problems and distinguish between universalistic, particularistic and middle-way approaches to housing analysis and comparing rental sectors. We start the discussion by addressing the question of the definition of private renting. An overview of the principal features of universalistic approaches and their application to private renting lead to the conclusion that these are inappropriate if one is to compare rental sectors in ways that systematically explore both similarities and differences. The paper goes on to advocate middle-way approaches that explore commensurate but not identical sectors in the context of national housing systems. One specific middle way that applies the idea of variations in the competitive relationship between private and social renting in different countries is summarized. This draws on the authors' the-

oretical and empirical examination of the competitive gap between the two sectors in six European countries (Haffner *et al.*, 2009).

Before entering the discussion about the private rental tenure, it is useful to state that comparative housing research has many purposes. It can be motivated by a systematic desire to extend knowledge, to understand housing markets and systems better, and to challenge 'home-grown' and insular ideas by exposure to an extended body of evidence. It may be related to improving the application of housing policy and to developing new theories (Oxley, 2001). Governments interested in expanding private renting can, for example, base proposals on comparative evidence about the size of the sector and explanations for its size. The transferability of policy ideas will however be extremely limited if the sector is a fundamentally different phenomenon between countries and the housing market contexts in which it operates are ignored or misunderstood. Tests of theories that seek to explain the size of tenures in different countries need to be based on understandings of the meanings and the functions of different tenures in different countries (Oxley, 1995). Cross-border studies of financing housing sectors (Stephens, 2002) should be founded on an understanding of what the sectors are and the contributions of different tenures to issues as diverse as labour mobility (OECD, 2010), social cohesion (Stephens *et al.*, 2002) and housing market volatility (Oxley and Haffner, 2010). All need to be based on an understanding of the meanings and definitions of tenures.

4.2 Private renting

The concept of 'tenure' provokes a good deal of discussion in housing research. Some authors (for example Saunders, 1990; King, 2010) see tenure as the crucial variable within housing studies and relate it to a whole range of financial, social, political and economic relations surrounding housing. These authors conclude that homeownership is the preferred tenure for most household because, among other things, homeowners can exert more control over their dwellings and their living environment and they can profit from house price appreciation.

Critics of this approach (for example Barlow and Duncan, 1988) argue that the meaning of tenure varies strongly in time and space, which makes it impossible to draw general conclusions on specific tenure forms. Moreover, they observe that the statistical relationships that may be found between tenure and various political, socio-economical and physiological factors are often spurious rather than causal. As an alternative to tenure, the advice is to pay more attention to aspects such as housing production, housing subsidization and pricing. Often, these aspects cross the boundaries of traditional tenure distributions (see Oxley, 1995).

Ball *et al.* (1988) focus on comparative research and argue that there are no universal forms of provision that can be analysed through international comparison of their operation. Because there is a diversity of housing provision in nominally similar tenures between countries, tenure by itself does not delimit a way of providing housing, not the economic and social consequences of providing housing in that way (Ball *et al.*, 1988: 3). According to them, comparative analysis should be based on the concept of structures of housing provision. A structure of housing provision specifies the nature of the social agents involved in the provision of a particular form of housing and their interlinkages (Ball *et al.*, 1988: 29).

We take a middle position in this debate. We argue that, even though there is a large international variation in tenure forms, it is still possible to construct a typology of housing tenure that uses categories that are similar enough to allow comparison across countries. Following Ruonavaara (1993), we distinguish two main types of tenure: owner occupation and renting. They differ from each other on the right of disposal (owner-occupiers always have this right whereas tenants never have it) and, to a somewhat lesser extent, the right of use (more security of tenure in the owner-occupancy sector than in the rental sector) and the right of control (owner-occupiers have more freedom to alter their dwelling than tenants). Ruonavaara further subdivides the owner-occupancy sector into three subtypes – individual owner occupation, shared equity owner occupation and collective owner occupation, whereas he distinguishes two subtypes of renting: social rental and private renting. The focus of this paper is on the latter category.

Simply defining the private rented housing sector in a consistent and comparable way provides a series of challenges, however. Private rented housing tends to be owned and managed by individuals or firms in the private sector of the economy. In other work (Haffner *et al.*, 2009) we have used the term ‘market’ rather than ‘private’ because in some countries (e.g. the Netherlands) social housing suppliers are, in a legal sense, ‘private’ organisations. From another starting point the private rental sector could be called a commercial sector in the sense that for-profit organisations aim to earn a market return on their investment in rental housing.

When we consider official national definitions of the private rented sector, that are typically the basis for data collection, we find that tenure specific definitions and data usually rely on the ownership of the dwellings. This is the basis of the data presented in Table 4.1. Here the size of the market (or private) rented sector is shown as a percentage of the housing stock. This way of comparing tenures across countries involves a set of definition and measurement problems related to the housing stock. Sometimes official housing stock figures exclude certain types of dwellings variously defined as, for example, temporary dwellings, second homes, holiday homes and vacant dwellings. In other cases all these sorts of dwellings are included, or appear to

Table 4.1 Tenure structure of six countries, various years

	England 2008	Flanders 2005	France 2002	Germany 2006	Ireland 2006	Netherlands 2006
Market rented	14	18	21	49	11	11
Social rented	18	5	17	11*	11	33
Owner-occupation	68	74	56	40	74	56
Other	0	2	6	0	43	0
Total	100	100	100	100	100	100

*Social letting: an estimated 11% of dwellings are let with a social purpose (including municipal housing companies and tenant-cooperatives). Approximately 11% of rental dwellings are (still) subsidised.

Sources: England: CLG, 2009; Ireland: CSOI, 2008; Germany: Bundesamt für Bauwesen und Raumordnung, 2007; other countries Haffner *et al.*, 2009

be included, in official national data. We return to the issue of the definition of the sector in section 4 when we consider commensurability.

Important for this analysis is the question of how to compare the market rental sector across countries. There are different approaches which are described in the following sections.

4.3 Universalistic and particularistic approaches to comparative research

4.3.1 Universalistic approach

One approach to comparative research is to assume that similar concepts apply in all locations and that the same terminology describes identical phenomena in different countries. In cross-country housing tenure studies this universalistic method assumes that home ownership, social renting and private or market renting are equivalent identities in all countries considered. Such an approach is convenient if comparative research includes a significant element of quantification. The search for 'harmonised housing statistics' (Eiglsperger and Haime, 2009) that represent, for example, prices of owner occupied housing and sizes of owner occupied and rented tenures that have equivalent meanings in all countries, is in line with this universalistic approach. It could be argued that differences in the definitions and conceptualization of tenures have to be minimized or ignored for such harmonization to work. An alternative proposition is that differences have to be carefully considered and national definitions and associated data have to be modified according to a common definition to produce harmonized data. If universalism were appropriate for private renting, internationally comparative studies in this area would be quite straightforward. If this approach is adopted, similarities are considered to be much more important than the differences and a high degree of quantification can be used with confidence to compare an entity that is in essence the same no matter what the national context.

When considering the extent to which private renting in European countries can be examined using a universalistic approach, the key question is to what extent is private renting a universal phenomenon? How similar according to sets of characteristics is it between countries? To what extent does the term private renting describe a similar tenure with similar purposes, types

of landlords, accommodation, property rights, allocation criteria, financial underpinning and tenant profiles?

4.3.2 Particularistic approach

The particularistic approach can be viewed as the complete opposite of the universalistic approach. It is sometimes referred to as a culturalist approach (Hantrais, 2009). The latter descriptor emphasises the notion that the phenomena under investigation are bound to particular cultures which give them specificity. More broadly, the specific phenomena of given countries can only be understood, interpreted and analysed within the context of that country. Ultimately the extreme of this line of approach is that international comparisons are impossible because the very phenomena that one is seeking to compare are different in different countries. This approach to an examination of private rented housing would view private renting as so different between countries that any attempt at comparative analysis would be meaningless.

The somewhat ironic dimension to this approach is that one has to have some knowledge of private renting (or any other unit of potential comparison) in different countries to know that there are differences. If one did discover that private renting was so different in what it means, and how it functions in different countries, one might simply stop at the point of this discovery and go no further, having concluded that any explanation of differences must lie in the cultures or other aspects of the context of particular countries. The issue for private renting is: to what extent is it a particularistic phenomenon? Does private renting, for example, have different purposes, types of landlords, accommodation, property rights, allocation criteria, financial arrangements and tenant profiles in different countries, and are these differences so profound that comparisons are not worthwhile?

4.3.3 Examples of universalism and particularism

Whether private renting can be considered a universal or particularistic phenomenon depends not only on the characteristics of private renting itself but also on the depth of study. One can attempt to dissect a phenomenon at a very general level, but also a very detailed level. At a very general level, there may be the same observation, while at the detailed level private renting may be something completely different in different countries. We will now illustrate the distinction as it applies to private renting by referring to types of landlords and rent regulation as examples of facets of the sector that can be viewed generally or specifically.

Types of landlord

From a universalistic point of view, one can observe that in all countries,

Table 4.2 Types of landlord in the private rented sector in six European countries as a universalistic or particularistic phenomenon

	Universalistic	Particularistic
England	Profit-oriented	Large variation in types of landlords. About 15 to 20% of the private rental sector is not accessible to the public. These are dwellings that are provided by employers, the armed forces, health authorities and family of the tenants (often rented-free). Within these accessible private rental stock, individual landlords own 65% of the private rental housing stock. The rest of this stock is owned by companies (13%), partnerships (5%) or other types of landlords (17%). Especially private person landlords may not always be motivated by investment or profit reasons.
Flanders	Profit-oriented	Domination of individual landlords (>90% of the private rental dwelling stock) that often manage the dwellings themselves.
France	Profit-oriented	Almost all (97%) of private rental dwellings are owned by individual households, of which most only own one dwelling. Individual private rental landlords can take advantage from various tax concessions.
Germany	Profit-oriented	Private rental dwellings may be provided by very different types of landlords: private persons (58%), housing co-operatives (10%), municipal housing companies (12%), private housing companies (11%), government housing agencies (1%), churches (1%) and other providers (7%).
Ireland	Profit-oriented	Most private rental landlords (probably >90%) are individual investors many of whom were attracted into the sector by tax reforms in the 1990's and the majority have only one dwelling available for renting.
Netherlands	Profit-oriented	There are two types of owners in the Dutch private rental sector. Approximately 40% of the dwellings are owned by private investors – individuals and small companies. These landlords are usually small scale and primarily own dwellings built before 1940. The other 60% of dwellings are owned by private institutions. These dwellings are relatively new, expensive and generally of high quality.

Source: Haffner *et al.*, 2009

landlords in the private rental sector have a profit objective; they are letting dwellings to earn money (see Table 4.2). However, if we look at the private rental landlords from a more particularistic point of view, some interesting differences between the various countries come to the fore. As Table 4.2 shows, each country has its own specific constellation of private rentals landlords. There is in fact a range of different types of providers. Some are profit-oriented and some are less so. An example of the latter is some private persons in England (and elsewhere) that do not own rental housing because of investment reasons. Another example is the provision of dwellings that are provided on a rent free basis or in association with a job. An example of the latter can also be found in England, where, as presented in official data, market rented housing sometimes includes all rented housing other than that rented from councils and housing associations. In 2008, this comprised around 14% of the housing stock. It includes accommodation tied to jobs, such as tenanted farms and shops, and dwellings supplied by the armed forces and health authorities as well as student housing and accommodation provided rent free or to relatives (for the definition, see ODPM, 2005). The private rented sector houses those who can afford to pay the rent and those assisted by housing allowances as well as some households who have been homeless (Randall, 2008). It is thus a very diverse category and includes more than housing rented for profit by individuals and companies.

In Flanders, as administrative region of Belgium, it is the type of landlord than mainly determines whether one can speak of social or private renting (Elsinga *et al.*, 2007). If private persons or companies let the dwellings, they belong to the private rental sector. This is contrary to the dwellings let by reg-

istered or accredited social associations (Elsinga *et al.*, 2007; Winters, 2004).

In the French rented sector distinctions are often made on the basis of the type of landlord, with rented homes let by profit-oriented private individuals or organisations being referred to as market or private rental housing, and those let by non-profit and limited profit landlords as social rented housing. However, another definition of the social rented sector is also possible. This definition takes account of how the dwellings are allocated and it considers rent levels. As such, social rental housing is defined as housing where the rent levels and the income of the tenants must comply with certain conditions. Dwellings let by non-profit landlords usually fall under this definition. However, profit-rented private landlords also let a limited part of this dwelling stock. This is due to the fact that the French government encourages private individuals and commercial companies to let dwellings against moderate rents in exchange for grants, tax concessions or low-interest loans.

The standard division of the rented housing stock into social and private rented sectors on the basis of ownership does not apply in Germany (Hafner, 2005; Van der Heijden *et al.*, 2002). Where a distinction is made this is based on whether bricks-and-mortar subsidies are provided for dwellings. The subsidies are used to enable subsidized, rented dwellings to be let as social dwellings on a temporary basis. Subsidies used to be available only for new construction. Nowadays, however, they are also used for the modernisation of existing dwellings or the acquisition of allocation rights in existing buildings. Subsidised dwellings are subject to rules on the allocation of dwellings and a system of rent control. After the subsidy expires, rent can gradually be brought into line with market rents. Almost indefinite security of tenure does not change once the subsidy expires.

When there is no subsidy or the subsidy has expired, the dwellings concerned can be classified as market rented housing; when bricks-and-mortar subsidies are involved, they can be classified as social rented housing. But these classifications do not correspond with the type of landlord. With the exception of the government housing agencies, landlords are all private individuals (or persons) or private organisations. Municipal housing companies (see Table 4.2) are also considered private entities, even though the shares are owned by municipalities (Droste and Knorr-Siedow, 2007).

In Ireland, rented housing that is not provided by local authorities or voluntary bodies, which are basically housing associations, has until recently been defined in official data as private rented housing. Census data records private rented housing that is let furnished and that which is let unfurnished. It also identifies housing that is provided rent free. Individual landlords, firms and employers provide this private rented housing.

In the Netherlands, there are two categories of rented dwellings: commercial (market) and non-profit. The non-profit rented dwellings fall within the social rented sector and are run mainly by housing associations in the form

of private foundations or associations (Elsinga *et al.*, 2007). In the market rented sector, dwellings are let on a commercial basis. This sector consists of private organisations – usually institutional investors – and private individuals. Market rented dwellings are often managed by estate agents.

It is important to note the difference between Dutch social and market landlords on the one hand, and the difference between regulated and unregulated dwellings on the other. The first difference concerns the type of landlord. Whereas the principal objective of a social landlord is to provide social housing, the principal objective of a market landlord is to make profit. The second difference concerns rent regulation. Whereas a regulated dwelling falls within the rent regulation regime and is subject to a limit and a maximum annual increase, a deregulated dwelling falls outside the rent regulation regime because the monthly rent exceeds a certain limit. There are regulated and deregulated dwellings in both the social rented sector (owned by housing associations) and the market rented sector (Elsinga *et al.*, 2007). About 95% of the total (social and market) rented stock is regulated. Most of the unregulated dwellings are owned by commercial landlords.

Considering these differences in the definition and the measurement of the size of the private rented sector in different countries, housing tenure tables should be used with a good deal of caution. Neither the private rented sector nor the size of the housing stock are defined and measured, in official publications, in the same way throughout Europe. This does not mean that such tables are of no use. It does mean that they need to be subject to a degree of questioning. For example, if one is trying to examine the extent to which market forces are at work, it is misleading to directly relate to the size of the private rented sector, as has been outlined above. Comparisons are only useful if the differences in definitions and context are sufficiently taken into account, and if one ensures that one is comparing 'like with like' (commensurability).

Rent regulation

Based on the instrument of rent control in the private rental sector it can be shown that private renting can be regarded, described and analysed as a universalistic phenomenon and as a particularistic phenomenon. From a universalistic point of view, the countries distinguished in Table 4.3 all have some form of rent control. At a high level of abstraction there are measures in all countries that limit the extent to which free market forces determine rent levels. In this respect there is a large degree of similarity between the countries. However, from a particularistic point of view each country can be regarded as unique. Rent control runs from the most liberal system with rent adjustment according to market conditions after six months (in connection with tenant security) in England to very strict regulation of almost all rents in the Netherlands (see Table 4.3).

Table 4.3 Rent determination in six European countries as a universalistic or particularistic phenomenon

	Universalistic	Particularistic
England	Limits on totally free market rents	Free market rent setting and rent adjustment (after six months)
Flanders	Limits on totally free market rents	Free market rent setting for standard new contract; index of costs for annual rent adjustment; expectations
France	Limits on totally free market rents	Free market rent setting; based on old rent or on reference dwellings in case of renewal of a contract for a sitting tenant; annual rent adjustment based on index of costs
Germany	Limits on totally free market rents	Free market rent setting, unless exploitative rent; rent setting based on reference rents
Ireland	Limits on totally free market rents	Free market rent setting; annual rent adjustments based on market conditions
Netherlands	Limits on totally free market rents	Rent setting based on quality points for regulated sector; annual maximum rent set by government in regulated sector; free market rent setting and adjustment in unregulated sector

Source: Haffner *et al.*, 2009

In the Netherlands, about 85% of the private rental dwelling stock is subject to rent regulation. For those dwellings a normative system of quality points is used to determine the rent: the higher the number of quality points, the higher the maximum rent that may be set. As far as rent adjustment is concerned, the Dutch government decides on the maximum allowable annual rent increase, usually linking this increase to inflation.

In countries such as Belgium, France, Germany and Ireland the rents for new contracts may be set freely. The annual rent increase is either based on some kind of index (Belgium or France) or on market conditions (Germany and Ireland). There are variations, as Table 4.3 shows.

The inappropriateness of universalism and particularism

In our study of rental housing in several countries (Haffner *et al.*, 2009) we were interested in both the similarities and the differences in the private rented sector between countries and in the relationship between the private (or market) rented housing sector and social rented housing. The assumptions of universality were thus inappropriate for we acknowledged from the outset that there are structural variations in many aspects of the sectors between countries (see also Tables 4.2 and 4.3, particularistic column). Whilst it can be argued that the differences on each of these dimensions are such that the private rented sector is a unique phenomenon in each country that can only be examined in a particularistic fashion in the context of that country, this is not helpful if one is seeking to understand differing relationships in rented housing between countries.

In order to both organise and to analyse information in a way that demonstrated meaningful comparisons between the sectors and between the countries we needed a framework that was neither particularistic nor universal. We thus needed a sort of a middle-way that examined the private rented sector in the context of the housing system within the country by placing it relative to other tenures as allowed for a systematic appraisal of the variations in

the private sector/social sector relationship between countries.

4.4 Middle way: Between universalistic and particularistic approaches

Middle-way approaches neither focus on differences in a way that suggests that the private rented sector in each country is unique, nor emphasise the similarities to the extent that private renting in all countries is the same (Kemeny and Lowe, 1998). Instead phenomena under investigation are placed within their wider historical and cultural contexts. Once seen in context one may find some similarities and differences that are worth exploring. In other words, private rented housing may not be an equivalent concept in different countries but it may still be commensurable. This means that it has some elements in common which provide a medium by which the sector can be measured and compared (Pickvance, 2001). Another way of comparing a phenomenon in different contexts is to distinguish between different sorts of equivalence, such as conceptual, functional or semantic (Hantrais, 2009). One can, for example, look at the concept or definition of private renting in different countries, the purpose or function of private renting within different housing systems or the way private renting competes with other sectors on the housing market. Because of the importance of the context, middle-way analysis needs a more sensitive and qualitative approach in which the researcher has to decide about commensurability or the sort of equivalence that is used as well as the level of generalization. Where at the continuum between a particularistic perspective on the one hand and a universalistic perspective on the other will the analysis take place?

Middle-way analyses often attempt to discern patterns and typologies. This requires a theoretical perspective because a theory is needed to explain how a typology is generated. So middle-way approaches have three important features: commensurability, context and theory. We will take a closer look at these three features in the remainder of this section.

Commensurability and definition

In our study of rental housing in six European countries (Haffner *et al.*, 2009) we immediately faced the problem of how to define and compare the private (and social) rented sectors in different countries. In other words we needed a key unifying feature that gives private rented dwellings in different countries commensurability. In our search for that defining characteristic we looked at aspects of the sector in the context of the different housing systems.

We were concerned with defining the private rented sector in a way that captures its essential meaning in a way that is consistent between countries. A universalistic solution would have been to take for granted the nation-

al statistics of the different countries about the share of private renting in the housing stock. Behind these national statistics are implicit definitions of what the private rented sector is (see 'Private Renting' and 'Examples of Universalism and Particularism'). Most of the time it is the ownership of the dwellings that is the key attribute that should give private rented dwellings commensurability. The ownership is generally implicitly with organisations that can be defined as private individuals or firms. However, as shown above, within this private ownership categorization there is much diversity, ranging from individuals that own only one or two dwellings to large companies and institutions such as pension funds that own thousands of dwellings. When we look at the details of the ownership in the different countries we also find a variety of other owners that are outside of this private ownership categorisation including, for example, health authorities, armed forces, municipal companies, co-operatives and churches.

It might be tempting to think that the characteristic that unifies the private rented sector is the motivation of the owners. Surely, it might be argued, all private rental landlords aim to make profits. Many of them do but on a detailed examination the broad brush assertion that this describes them all is flawed. Some provide accommodation free or at low rents to employees or friends. Others obtain a return that is sufficient but do not actively seek to maximize profits. Moreover, using official statistics means that in a country such as Germany all rented dwellings are considered private rented dwellings although part of the rented stock is let on a social basis. Any motivation based definition is also flawed when we seek to differentiate social renting from private renting in any set of circumstances where profit orientated organization are able to supply social housing. Given the involvement of the private sector in social sector provision (Haffner *et al.*, 2009) in several countries, including all the countries in Table 4.1, profit motivation is clearly not a satisfactory way of distinguishing the private sector.

Instead of using ownership we looked at rent determination as the defining characteristic of the private rented sector. Can the private rented sector be described as a sector in which rents are determined by market forces? The information in Table 4.3 shows that clearly it cannot. The extent to which rents are determined by market forces varies a good deal from country to country. In several countries there is a degree of regulation over the rent than can be charged.

It might be tempting to think of market rented housing as non-subsidised housing whereas social housing is inevitable subsidised. This line of thought is, however, incorrect from several perspectives. First, depending on how 'subsidy' is defined, market rented housing may well be in receipt of subsidies. Housing subsidies are difficult to define in a simple fashion but, if we accept that in an economic sense the term can be interpreted widely to include any measure instigated by government that reduces the cost of providing or con-

suming housing below what it would otherwise have been (Haffner and Oxley, 1999), it is clear that in many countries market and social housing both benefit from explicit or implicit flows of funds that can be termed subsidies. Tax concessions, low cost loans and loan guarantees, for example, may well be provided to market sector landlords in order to enhance the quantity or quality of the accommodation supplied.

Whether or not subsidies are essential to the existence of social housing is debatable. If rents are below the costs of current provision then there will be a deficit that might be met by a flow of funds that can be called subsidy. However, if a large social housing organization has a stock with a strongly differentiated age structure then current financing costs on older dwellings may be below rents received whereas they are higher for newer dwellings (Kemeny, 1995). This gives the opportunity for a sort of cross-subsidy within the organization's housing stock that keeps down rents for newer dwellings. This might not require a current flow of funds from government. Whether or not this rent pooling is inspired by governments or not, and is thus according to the definition outlined above a subsidy, is matter for context-specific consideration.

Finally we looked at whether the allocation process gives the sector sufficient commensurability on an international basis for comparisons to be valid and useful. This means considering who has access to the housing and how the landlord and the tenant come together. Most private rented housing is allocated by market forces in the sense that effective demand from tenants and a selection, which is related to financial considerations, made by landlords, determine the occupancy of individual dwellings. However in some cases landlords that are, according to official data, private, allocate taking account of other factors. Access to accommodation may, for example, be linked to employment or a personal relationship to the landlord. More importantly, private landlord can also contract to provide dwellings for social purposes and so an element of need is involved. This is the case in Germany and Ireland, for example. In Germany private landlords have for many years supplied social housing in return for bricks-and-mortar subsidies. Tenants with recognized needs occupy housing that is privately owned and, while landlords may have some say over allocation of individual dwellings, their choice is constrained by needs-related pre-selection. In Ireland, under the Residential Accommodation Scheme, private sector landlords contract with local authorities to provide accommodation to low-income households, with landlords receiving a market rent from local authorities and tenants making income related rental payments to local authorities. The tenants are selected on the basis of need by the local authorities. In Flanders, Social Rental Agencies rent dwellings from market landlords and let them to social tenants, especially vulnerable households. In these cases (Germany, Ireland and Flanders) it is debatable as to whether the housing that is allocated according to

need should be defined as part of the private sector. In Ireland this has been clarified by the Housing (Miscellaneous Provisions) Act 2009 (Government of Ireland, 2009) which redefines social housing so that housing owned privately but allocated socially under the Residential Accommodations Scheme is deemed to be part of the social rather than the private rented sector.

To define social housing as accommodation that is allocated according to need does not of course deny that social housing can have many other objectives as well. It can be charged with a wide range of objectives including, community cohesion, neighbourhood regeneration and environmental objectives (Haffner *et al.*, 2009) but this does not detract from two considerations: (1) the accommodation is allocated according to need; and (2) depending on the specific context, private rented housing can also be expected to contribute to such wider objectives. In summary, we suggest that the defining characteristic of social renting is that it is housing that is in principle allocated according to need. There are differences in the way that needs are determined and varying administrative processes are in operation to apply needs-based allocation but the basic principle is consistent. With this accepted, the defining feature of private tenanted housing is that the accommodation is not allocated to need, and market forces play an important part in the allocation process. Thus organisations, in what is often called the private sector, operate in price-oriented markets where resources are allocated according to ability to pay. Essentially, they come together in a market. Here, access depends on demand, which is governed by ability to pay. Ability to pay is therefore the primary determinant of demand and access to market rented housing. Private landlords may require evidence of ability to pay before accepting a tenant. Rents may be controlled by government or they may be set by market forces. Rental agreements, which determine security of tenure and the ability of landlords to raise rents, will usually have a framework prescribed by law. Quality standards relating to accommodation may also be regulated and enforced by government. Market rental housing is not therefore a government-free zone. It is rather a set of arrangements whereby housing is allocated on the basis of demand and supply in a process that is moderated by rules determined by government.

Despite all the detailed differences of ownership, landlord motivation, rent determination, property rights, subsidization and tenant profiles, the allocation process, in principle, provides a key unifying feature. So in Haffner *et al.*, (2009) we used the allocation process as the key attribute that gives private rented dwellings in different countries commensurability. Following this definition means that housing from market landlords who contract to allocate dwellings according to need (as in Flanders, Germany and Ireland) should be defined as part of the social sector.

Private rented housing is therefore essentially conceived as rented housing that is not allocated according to socially determined need. It is possible to

argue about the use of the term 'market' in place of 'private' in that, as stated above, not all non-social rented housing is allocated according to demand and price by market forces. However it is a better term than 'private' for the reasons given in section two and is less clumsy than 'non-social rented housing'.

Contextualisation

Finding a key unifying feature for defining and comparing the private rented sector is only a first step. In the next step, the actual analysis, it again is important to place the private rented sector into context. This context is necessary to give the private rented sector 'meaning'; to understand the function and the position of that sector within the housing systems of the different countries. Different types of context can be discerned, such as the historical, geographical, institutional or housing market context.

In Haffner *et al.* (2009) we described and used the institutional and to a certain extent the historical and geographical context but mainly focused on the housing market as the context for the private rented sector. We gave the private rented sector context by comparing the sector with the social rented sector and to a lesser extent with the owner occupied sector. Ideally, from an institutional point of view, one uses the whole housing system as the context. If that is not possible for complexity reasons or if the aim of the study focuses on a part on the institutional context, a different and partial contextualization can be functional.

When comparing countries, special attention should be given to spatial and temporal aspects. For example, one should be aware of the fact that the share of private renting in the national housing stock is an average. Behind that average, differences may occur between (large) cities and the countryside. So in Haffner *et al.* (2009) we found that especially in France, and to a lesser degree in other countries, the (private) rental sector is concentrated in the larger cities and the regions with high pressure on the housing market. Another problem of comparing countries at a given point in time is the dynamics of housing systems as a result of policy changes and market developments. As a result of these dynamics the character of the private rented sector and its relationship with other sectors may change over time. In most comparative research, however, the information that is used is based on existing literature that might not all be up to date. This may lead to misinterpretation of the function of the private rented sector in the housing system with consequences for the comparative analysis. In order to overcome this problem in Haffner *et al.* (2009) we decided to have our empirical material checked by experts from the different countries.

Theory

Middle-way analysis needs to be clear about the theoretical underpinning. In particular, the use of typologies requires an explicit theoretical perspective

because, underlying a typology, theory is needed to explain how the typology is generated and sustained (Kemeny and Low, 1998). Examples of such theoretically underpinned middle-way analyses are provided, for example, by Esping-Andersen (1990), Barlow and Duncan (1994), and Kemeny (1995).

In Haffner *et al.* (2009) we started with the impression that private initiatives were increasingly used to provide social rental dwellings in a number of European countries. The clear demarcation of the funding and roles of each sector seemed to be becoming blurred. In order to analyse the similarities and differences between social and private rented housing, we developed and applied the concept of a gap between the two forms of tenure, both empirically and theoretically. The gap, in combination with a definition of social versus private renting based on the allocation of dwellings according to need versus effective demand, became the concept we used to discover whether these initiatives were indeed blurring boundaries and whether the social and private sectors were indeed becoming more alike than without these initiatives.

We considered the concept of a gap between the sectors from three perspective. These are:

- Differences in the actors that provide rented housing and in what exactly is provided.
- Differences in whom the sectors are aimed at and in government policies towards the sectors.
- Differences in the degree of competition between the sectors.

From perspective 1, we considered the types of landlord, the types of accommodation, including indicators of quality, and property rights. Similarities between the sector pointed to a small gap and differences to a large gap. From perspective 2, we examined the policy purpose of the sectors, allocation systems, rent regulations, regulation and supervision of providers, subsidies, the tenant profiles and household movement between the sectors. Again similarities in these issues suggested a small gap and difference a large gap. Perspective 3 was driven by economic theories of competition.

The less competition there is between the sectors, the larger the gap and vice versa; with a high level of competitiveness the gap will be smaller (Haffner *et al.*, 2009: 22). We used the concepts of substitutability and rivalry to operationalize competitiveness. Substitutability was used to consider the extent to which households in the private and social sector could find accommodation that was an acceptable substitute in terms of rent, quality and accessibility in the other sector. Rivalry was used to explore the extent to which different sorts of landlords were vying with each other to supply tenants that were in the same market.

In more detail, in assessing substitutability the dimensions identified in Table 4.4 were assessed and in assessing rivalry the dimensions in Table 4.5 were assessed. The evidence considered on each dimension for each country is set out in Haffner *et al.* (2009).

Table 4.4 Substitutability between market and social renting and the concept of a gap

	Competitive: small gap	Uncompetitive: large gap
Accommodation		
Quality and quality/rent relationship	Similar range of quality (accommodation and neighbourhoods) and similar quality/rent relationships in both sectors.	Different and distinctive quality (accommodation and neighbourhoods) and different quality/rent relationships in the two sectors.
Property rights		
Rent regulation	Similar processes determine rent levels and rent increases in both sectors.	Highly regulated rents in the social sector and no regulation of rents in the market sector.
Tenant security	Security of tenure is very similar in both sectors (could be strong in both sectors or weak in both sectors).	Security of tenure is very different between the two sectors. Possibility of very strong security of tenure for tenants in the social sector and very weak security of tenure in the market sector.
Right to buy	Little difference in the opportunity for tenants to purchase in the two sectors.	The opportunity to buy exists in one sector but not the other. Social sector is likely to have a right to buy.
Allocation system and choice between tenures	Social sector is intended to house a wide range of households. It is not intended to be confined to households on the lowest incomes and in the greatest need.	Social sector is intended to meet only the needs of households who cannot house themselves in the market sector. Market sector is open only to those who can afford this option.
Housing allowances	Housing allowances are available on a similar basis in both sectors. The system does not discriminate between the two types of household.	The terms on which housing allowances are available differ between the sectors. In extreme cases, they may be available in one sector but not the other.

Source: Haffner *et al.*, 2009

4.5 Results

Based on this framework our analysis of the private and social rented sectors in six European countries and regions identified four contrasting sets of circumstances, as suggested in Table 4.6:

- There is a large gap between social and market renting with very different suppliers and very different consumers in the two sectors. This is the case for England, Ireland and Flanders.
- There are significant differences between social and market renting in terms of dwellings, subsidies and types of suppliers but an intermediate sector provides important options for the consumer between these two. This is the case for France.
- There is a small gap between social and market renting as a consequence of an absence of a division by landlord type, coupled with some substitutability from the tenants' point of view. The gap is widened, however, by the allocation and rent regulation systems, policy elements that are connected to bricks-and mortar subsidies. This is the case for Germany.
- There is a small gap between social and market renting as a consequence of significant similar substitutable options open to tenants with some overlap in choice between accommodation in the two sectors. The gap is widened, however, by the allocation system and the contrasting motives of landlords. This is the case for the Netherlands.

Table 4.5 Rivalry between market and social renting and the concept of a gap

	Small gap	Large gap
Motives of a landlord	Landlords in both sectors have similar motives.	Landlords have different motives in the two sectors. In one they seek to maximize profits and in the other they do not make profits.
Product characteristics	Similar products are supplied in the two sectors. The price/quality of the accommodation and the neighbourhoods in which it is located are similar.	Different sorts of products with different levels of price/quality in the two sectors.
Allocation schema and customer base	Policy and practice allows a wide range of households to be accommodated in both sectors. Similar households seek accommodation in the two sectors are thus similar.	Policy and practice segregates households into those which are the customers of social housing providers and those who are not. The customers of the two sectors are thus different.
Rivalry for contracts to provide social rented dwellings	Profit and non-profit organisations can bid for contracts to provide social rented housing.	Only non-profit organisations can bid for contracts to provide social rented housing.

Source: Haffner *et al.*, 2009

The competitive framework we used in Haffner *et al.* (2009) enabled us to consider a wide range of policy approaches from six European countries and regions. The concepts of substitutability and rivalry facilitated an analysis of the gap between social and market rented dwellings and helped us to focus on identifying those factors essential to understanding the degree of competition that exists between the two tenure types. The benefit of a broad competitive framework is that the many facets that contribute to the substitutability of housing options from the consumer's perspective, as well as those that contribute to the rivalry between suppliers, can be considered. However it was not possible to quantify the exact degree of difference in each of the factors that contribute to substitutability and rivalry, and so some normative judgments were inevitable.

4.6 Conclusions

Comparing private rented housing in different countries presents a series of conceptual problems. In this paper the problems have been examined by using the notions of universalistic, particularistic and middle-way approaches to comparative housing analysis. It has been argued that for comparative analysis to be plausible we would need to conclude that the private rented sector has sufficient in common for it to be a suitable unit of comparison between countries. To put this another way, the tenure would need to display commensurability. We have shown that private renting has some features in common but many that are different between countries.

The universalistic approach, while not necessarily accurate in relation to descriptive profiles of the sector provides the, usually implicit, underlying assumptions for detailed comparative statistical investigations of the sector. International comparisons that use quantitative techniques to explain the size of tenures on the basis of, for example, economic and demographic variables need to assume that there is equivalence between both dependent and independent variables. When there is a time-series element to statistical

Table 4.6 The competitive gap between private and social renting based on substitutability and rivalry

		Substitutability	
		Small gap	Large gap
Rivalry	Small gap	Netherlands	Germany
	Large gap		Ireland England Flanders France (but gap reduced by an intermediate sector)

Source: Haffner *et al.*, 2009

investigations the analysis does furthermore assume implicitly that the variables display equivalence over several years. Assumptions of such equivalence are necessary if data-driven analysis is to be used to examine explanations for outcomes such as the size of the sector and its contribution to housing production. This sort of analysis will typically be linked to theory that seeks to explain outcomes such as size and output as a function of sets of independent variables. Even if the universalistic assumptions of equivalence are invalid, such attempts at explanation can have some value. They can, with a recognition of the actual (as opposed to assumed) degree of equivalence, provide tentative explanations or they can be the starting point for further qualitative analysis that takes account of variations between countries to build more complex explanations for observed outcomes.

The particularistic view of private renting, in its extreme version, would reject the value of any international comparisons of private renting. The essence of the argument is that the differences between countries are so significant that the sector is a different phenomenon in every country. Any explanations for the fortunes of the sector according to this approach can only be achieved by relating them to unique sets of events that are specific to the country under consideration. We do not agree with this view. The allocation process gives the sector sufficient commensurability on an international basis for comparisons to be valid and useful. We do however acknowledge that there are many aspects of private renting that are particular to the given country in which they are found. There is, for example, no exact equivalent of the French system of housing allowances in other countries and there is nothing that is exactly the same as the Irish Residential Accommodations Scheme. However there are other housing allowance systems and there are other means by which privately owned housing serves a social purpose in other countries. These variations are important to comparative studies that seek to explain the reasons for and the results of such differences.

We have shown that once a degree of commensurability is accepted, based, for example, on common non-needs related allocation processes that dominate the sector in most countries, a middle-way that is neither universalistic or particularistic has more value. There is no one preferred middle-way advocated in this paper. Rather we acknowledge the value of a variety of middle-way approaches that seek to explore similarities and differences by placing the private rented sector in some sort of context. The use of context is sometimes facilitated by the application of typologies. A much used typology pro-

posed by Kemeny classifies alternative sorts of relationship between the private profit making rental sector and a non-profit making cost rental sector (Kemeny, 1995). This gives contexts by exploring similar and different classes of inter-sector relationships in different countries. Even if Kemeny's work has not been uncritically accepted by all researchers it provides a basis for empirical and conceptual work on rental systems.

We have also shown that by postulating a competitive relationship between private and social renting, the concept of a gap between the sectors based on degrees of rivalry and substitution in different contexts in different countries can provide a valuable comparative framework. In this approach the particular features of the private sector can be examined by considering them in relation to comparable features of social renting in different countries.

The middle-way approach considered here examines the competitive relationship between the private and social rented sectors. Other sets of competitive relationships could also be investigated. For example, the relationship between private renting and owner-occupation could be used as a point of reference. The theoretical issues would be very similar but the evidence base would be different. We have chosen to set out some key methodological points in comparative housing studies with the help of empirical material that we have assembled on the rental sectors. These methodological issues are, however, germane to any tenure specific comparative study.

The value of a middle-way approach to comparative housing research is that it rejects both the dislike of comparative research that is a facet of extreme particularism and the unquestioning assumption of unifying similarities that is a feature of extreme universalism.

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5 Western European housing systems and the impact of the international financial crisis

Harry van der Heijden, Kees Dol and Michael Oxley, 2011, *Journal of Housing and the Built Environment*, 26 (3), pp. 295-313.

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Abstract

The central proposition advanced in this paper is that differences in the structure of housing systems, and specifically the differences between dynamic and static housing systems, are crucial to an explanation of the varying impacts between countries of the international financial crisis. The proposition is illustrated with reference to Ireland, England, the Netherlands, Belgium and Germany. The impacts on housing markets and housing policies are considered and it is shown that these are more significant in dynamic than in static systems. It is argued that whilst the classification of housing systems as dynamic and static adds an important new explanation for the varying impacts of the crisis, this is most usefully viewed as a complementary, rather than an alternative, perspective to other sets of explanations.

5.1 Introduction

This paper shows that a common external shock in the form of the international credit crisis had varying housing impacts in different European countries. There are two sorts of impacts considered. The first are essentially housing market impacts represented by changes in house prices, transactions and output and the second are policy impacts that are represented by the responses of government to the crisis. The policy responses that were aimed at finance systems can be distinguished from the responses that were specific to housing markets. Of the two sets of policy responses, this paper is primarily concerned with the housing policy responses. It is clear that both the housing market and housing policy responses varied considerably between countries, and this paper seeks to explain why. The central proposition advanced is that differences in the structure of housing systems and specifically the differences between dynamic and static housing systems are crucial to an explanation of the varying impacts. The proposition is illustrated with reference to Ireland, England¹, the Netherlands, Belgium² and Germa-

¹ Some of the available information is based on the UK.

² Most of the information used is based on Flanders, one of the three Belgian regions.

ny. The German and Belgian housing systems are seen to be examples of static systems whilst the English, Irish and Dutch systems are dynamic. It will be shown that without crisis-related interventions each of the two types of systems has 'built-in' stabilising factors but these factors are stronger in static than in dynamic systems.

In the next section the nature of the external shock is defined. The subsequent sections then provide information on the impacts of the shock in the different countries. This is followed by considerations of explanations for varying impacts from the points of view of macroeconomic theory and housing systems analysis. The distinction between dynamic and static systems is then set out and applied to the five countries. The conclusions show that the classification of housing systems as dynamic and static adds a new explanation to the varying impacts of the international crisis. This is most usefully viewed as a complementary, rather than an alternative, perspective to the sets of explanations that arise from theories embedded in macroeconomics and the economics of housing markets.

5.2 The crisis

At the beginning of 2007 the Mortgage Bankers Association reported increasing default of American homeowners (MBA, 2007). As many over-indebted US households have variable-rate mortgages, a series of (minor) interest rate increases in 2006 rapidly led to default for many homebuyers. Indeed, mortgage lending can be very risky in the USA as a number of states have anti-deficiency laws (whereby on foreclosure the homeowner is not responsible for any deficit between the sale price and the outstanding mortgage). In the case of house price declines, this can result in substantial losses for banks. The initial fall in banking asset values is typically ascribed to the fact that several institutions, initially in the US but ultimately world-wide, were holding mortgage backed securities that were high risk and low value given the state of the American housing market and the degree of subprime lending. The uncertainty about further losses on these assets resulted in lack of confidence between banks and subsequently a 'credit crunch'. The global financial crisis amounted to a world-wide fall in the value of banks' assets, a consequent international reduction in inter-bank lending and a wider reduction in the availability of credit coupled with a loss of confidence in financial markets. The collapse of some financial institutions, a reduction in world trade and falls in economic output followed.

Direct effects on mortgage markets are obvious in the USA and the UK where credit standards were tightened (Federal Reserve, 2008; CML, 2008) and resulted in a strong reduction in subprime mortgage loans. In continental Europe there is no proof for a large subprime segment, although in recent

years atypical contracts and high loan to values have been offered on European mortgage markets (ECB, 2009). Another direct impact of the credit crunch was the wipe-out of the equity release mortgage market (Brunnermeier, 2009). Statistics show clear evidence of massive equity release by American and British households before the financial crisis (see Bank of England, 2010; Freddie Mac, 2010). This would also apply to some other European countries. However, not all European countries allow equity release products (ECB, 2009). On European markets, the subprime segment is very small, but tightening credit standards on the prime market led to refusals of specific groups like first-time buyers. Trading-up on the housing market can stagnate as soon as house prices level off. This is attributed to the general “wait and see environment” (see for instance CML, 2008), whereas the availability of credit on the large prime European mortgage markets should not be held responsible for all declines in the demand for housing.

5.3 The impact of the crisis (a) macroeconomic and housing market responses

In the second half of 2008, the US credit crisis began to trigger a global crisis in the financial system that also spread to the real economy. In order to assess the impact of the financial crisis on the housing market, it is necessary to understand the degree to which the real economy has been affected. It should also be noted that effects on the housing market and in particular on the housing construction market will continue to be felt for a long time. It is therefore currently only possible to assess the interim situation.

Table 5.1 includes a range of economic indicators for the various countries included in the study. All five countries experienced a downturn in 2009 and, on balance, in the period 2008–2010 (according to forecasts). This downturn was by far the most significant in Ireland and the least in Belgium. In terms of unemployment, Ireland was also clearly the worst hit. Unemployment has also seen a strong increase in the UK since 2007, while in the Netherlands and Germany unemployment actually fell on balance in the period 2007 to mid-2009. The Netherlands clearly had the lowest unemployment levels. The mortgage interest rates were lowest in Ireland and highest in the Netherlands and Belgium.

As far as the impact of the economic crisis on the owner-occupied housing markets in the five countries is concerned, the drop in prices and number of sales in both existing housing stocks and new-build have been the greatest in Ireland, followed by the UK. Unfortunately, a number of indicators of recent trends in the owner-occupied housing market are unavailable for Germany and Belgium. For new-build dwellings in the owner-occupied sector, this is because of the large proportion of private individuals commissioning

Table 5.1 Recent economic developments and recent developments on the owner-occupied housing market in five West European countries

	The Netherlands	Belgium	Germany	Ireland	UK
Economic indicators					
GDP, change in 2009	-4.5%	-2.9%	-5.0%	-7.5%	-4.8%
GDP, change 2008-2010 (forecast)	-2.2%	-1.3%	-2.5%	-11.9%	-3.3%
Unemployment mid-2009	3.3%	7.5%	7.5%	12.0%	7.6%
Unemployment change early 2007 to mid-2009	-0.5%-point	0%-point	-1.6%-point	7.7%-point	2.1%-point
Mortgage interest rate (mid-2009)	5.44%	5.52%	4.40%	3.23%	4.39%
Housing market indicators					
House price existing dwellings, change early 2008 to mid-2009	-7.1%	0.2%	-11.6%	-13.7%	-16.6%
Sales of existing dwellings, change early 2007 to mid-2009	-33.1%	Stable*	Stable (based on volume of new loans)	-64.9%	-53.1%
House prices newly built dwellings, change early 2008 to mid-2009	-10.7%	No data	-0.2%	-21.4%	-15.3%
Sales of newly built dwellings**, change early 2007 to mid-2009	-62.0%	Virtually unchanged	Virtually unchanged	-71.6%	No data

* OTB estimate based on summary data.

** Belgium and Germany based on planning permission granted; UK based on construction started.

Source: National statistical bureaus (in Dol *et al.*, 2010a)

their own homes in these countries which means that there are no sales or sales prices for much of the new construction in the owner-occupied sector. Of the three continental markets, it appears that the market for new-build dwellings in the Netherlands has been badly hit and the market for existing owner-occupied dwellings in Germany has seen the most significant fall in price. The latter is partly a consequence of the large number of excess properties available in the housing market in Germany. The Belgian owner-occupied housing market appears to have been the least affected by the economic crisis. Germany gives a striking example of the (as long as it lasts) immunity of the owner-occupied housing market for the crisis. House prices were already under pressure due to demographic change, while other housing market indicators show strong stability. This stability is even more pronounced in Belgium where house prices and sales of dwellings remained stable. The Dutch owner-occupied housing market has reacted to the crisis considerably, especially in terms of the sales of newly built dwellings. The English and Irish owner-occupied housing markets have overall, in terms of housing prices and sales of dwellings, suffered most.

5.4 The impact of the crisis (b) policy responses: (1) finance system measures

In all the countries included in the study, governments intervened significantly in the financial market in order to restore confidence in the banking system and prevent the collapse of financial institutions. Of course, these measures also have an indirect effect on the housing market, in the form of financing for housing construction and the provision of mortgage loans. The first and foremost actions that the governments in the five countries took were measures to avoid a collapse of the financial sector. There are

Table 5.2 Stabilisation measures for the financial sector in billion euros (as of 20 February 2009)

	Total reservation			Total used/received		
	Capital injection	Guarantees on loans	Takeover of toxic assets	Capital injection	Guarantees on loans	Takeover of toxic assets
Ireland*	10	485	90	9	11	0
Netherlands	20	200	55	31	17	0
UK	55	273	0	40	58	0
Germany	80	400	0	44	155	0
Belgium	0	99	0	18	91	0

* Ireland, takeover of toxic assets in NAMA of June 2009, no assets were acquired immediately.

Source: Hartmann, 2009

three types of measures that were taken by governments. First of all there are the direct capital injections to strengthen the liquidity of a bank so it can do normal business. The capital injections are usually a loan but sometimes a credit line in return for a share in the bank. Secondly the state can give guarantees for bank loans in order to limit risk and increase inter-bank and overall bank lending. Thirdly, the state can buy up toxic assets at a discount on the nominal value of which the actual value is unclear. The state will then eventually try and resell these assets in a later phase.

Table 5.2 gives a summary of the crisis measures taken as of February 2009. It may not fully record all banking stability measures taken. For example in June 2009 the Irish government introduced NAMA, a €90 billion fund to buy up bad assets, mostly from property development loans. The left-hand part of the table sums up the reservations of central governments to stabilise the banking sector. The right-hand side gives an overview of how much the financial sector actually drew upon these facilities. These facilities clearly show extensive measures in all the five countries. Comparatively, by size of the population, the measures are largest in Ireland, the UK and the Netherlands, while they remain large, but relatively smaller in Belgium and Germany. Note also that Dutch and Belgian banks already received more in capital injections than their governments had expected.

5.5 The impact of the crisis (b) policy responses: (2) housing system measures

In terms of measures focusing directly on the housing market, the most noticeable aspect is that the German government has so far taken no direct measures with regard to the housing market, although incentives are available to encourage energy-saving renovations in large-scale apartment blocks. This is again due to the large numbers of excess homes in large parts of Germany since the start of this century. In Belgium, limited crisis measures have been taken focusing directly on the housing market. These include providing incentives for construction (by means of a temporary reduction in VAT) and particularly ensuring the provision of social rental dwellings. The income limits for housing costs insurance funded by local authorities have also been relaxed.

The United Kingdom and Ireland have seen by far the greatest intervention and it is these countries which have been worst hit by the impact of the eco-

nomic crisis on the housing market. In Ireland, the measures relate primarily to support for first-time buyers, the removal from the market of unsold new dwellings (through leasing by social landlords) and also to a lesser extent to prevent the eviction of households in payment arrears. The Irish measures for first-time buyers are intended to sustain the system of trading-up and promote home ownership. This reflects the structure of the Irish housing market, which has a small rental sector. The measures to remove unsold new dwellings from the market are part of an attempt by the Irish government to lessen the impact of speculative house building. The support offered to households facing problems with payment appears to be limited to the signing of a code of conduct with the Irish Federation of Banks.

In the UK, a significant proportion of the measures taken by government were intended to support households unable to meet their payment commitments as a result of the crisis. The British government hoped that these measures would prevent evictions and inhibit further downward pressure on house prices. The British government took measures to remove unsold new dwellings from the market. It also provided incentives for the sale of existing affordable dwellings and the construction of new homes in the same category. These new homes include both private and rental properties and a new hybrid form of purchase/rental known as shared equity. The measures taken in the Netherlands are less comprehensive than those in the UK but comparable in terms of substance. As in the UK, they aim to support households facing payment problems, ensure the continuation of new construction projects jeopardised by the crisis and enable housing associations to buy up new dwellings that remain unsold.

5.6 Explanations for variations in impacts (a) the economics of housing market volatility

We have shown that the crisis had varying impacts on house prices and sales. One explanation may be found in the proposition that these short-term differences were linked to underlying variations in the long-term volatility of housing markets. The key question then becomes: Why does house price and supply volatility vary markedly from one country to another? Basic economics suggests that fluctuations in owner-occupier house prices and supply are essentially determined by housing demand and supply. Housing demand has been shown in many empirically verified models to be a function mainly of disposable household income, the cost and availability of mortgage finance, expectations about future price rises and levels of employment and consumer confidence. Some studies also point explicitly to the relative costs of owning and renting (Hilbers *et al.*, 2008). All of these items are linked to a greater or lesser extent to changes in the macro economy and the policies that govern-

ments use to influence inflation, growth and employment. These macroeconomic factors combine with demographic factors to determine the number of households seeking housing and their financial ability to purchase it. International variations in macroeconomic and demographic factors thus offer one set of potential explanations for differences in the stability of housing markets (Tsatsaronis and Zhu, 2004; Hilbers *et al.*, 2008; André, 2010).

Alongside the macroeconomic factors one could identify the importance of mortgage markets and seek explanations that depend mainly on the structure and operation of these markets. Institutional arrangements that influence the supply of mortgage credit and the terms on which this is available to households vary considerably from country to country (Renaud and Kim, 2007). Thus the size of deposits and interest rates, and the variability in each of these, offer another set of potential explanations within the broader context of the institutional arrangements relating to mortgage markets. There may also be important links between inflation, mortgage markets and real house prices (Tsatsaronis and Zhu, 2004). Supply-side explanations for price fluctuations typically concentrate on factors that may contribute to inelasticity. In that vein, demand increases will arguably result in steeper price rises in countries where there are the most severe constraints on increases in supply, while differences in the responsiveness of housing supply to changes in demand are arguably a principal cause of variations in house price fluctuations (White and Allmendinger, 2003; Meen, 2008; Hilbers *et al.*, 2008). These constraints can be apparent in land, labour and capital markets or more generally take the form of production capacity limitations. Many studies emphasise land supply constraints resulting from restrictive planning systems that constrain the ability of residential developers to expand output when housing demand rises (Barker, 2004).

Despite the supply-side studies that emphasise inelasticity, much of the theorising about housing market stability concentrates on external influences on housing demand. These influences, which may have their origins in macroeconomics and demographics, are not the central concern of this contribution. Instead we seek to put the structure of housing systems at the centre of the discussion. So, given world-wide changes in housing demand fuelled by an international crisis, we probe the varying responses within housing markets and the varying policy responses by governments that are tied to differences in the structures of housing systems. These differences in structures are linked to differences in mortgage markets, planning and development systems and the different ways in which house building industries operate. They are also linked to differences in turnover in the existing stock and the structure of total supply which is a function of sales from the existing stock and new production (see Table 5.3).

Table 5.3 Crisis measures in five West European countries, 2009

	The Netherlands	Belgium
Modification/introduction of measures designed to reduce risk		
Mortgage guarantee	Temporary increase in maximum price level of existing scheme	No regulation applied
Housing costs assistance	Simplification of existing housing costs facility	Income limit relaxed
New assistance programmes for home owners	No	No
Demand incentives		
Increasing the limit of the mortgage guarantee	Yes	No regulation applied
Fiscal measures	No	Income limit relaxed
Discounts, premiums, loans for newly built dwellings	Temporary scheme offering up to € 10,000 per newly built dwelling	No
Construction market incentives		
Ensuring the continuation of construction projects	Temporary subsidy schema (€ 500 million) for municipalities	No
Incentives for social housing construction or removal of private projects from the market	Increase in social housing guarantee fund (WSW) to enable associations to buy up projects	Additional incentive of €85 million to speed up construction of social homes (Flanders)

* Income support for mortgage interest.

5.7 Explanations for variations in impacts (b) housing system approaches

In order to probe the differences in institutional arrangements that are associated with variations in housing market structures it is useful to take an approach that looks at differences in housing systems. Following Bekebrede and Mayer (2006) we define a (housing) system as being composed of organised parts that interact in space and time. Important parts within a housing system are demand, supply and institutions. On the demand side, households with their housing preferences are the key players. On the supply side, agents producing dwellings and housing services, such as building companies, developers, commercial and social landlords, are the key agents. Institutions are the rules, norms and regulations by which a system functions (Keogh and D'Arcy, 1999; Oxley, 2004). Demand, supply and institutions meet on the housing market, where the outcomes of the system are the consequence. Since the housing system is part of a broader societal system the different parts of the housing system are influenced by broader 'external' factors like economic, socio-cultural and demographic developments. And of course housing outcomes have an impact on these broader outcomes. Especially the formal and informal institutional arrangements which have developed over time play an important role in the structure of housing systems and thus in the way 'external' developments influence housing outcomes (Kemeny, 1995). In a comparative perspective this means that because the housing system in different countries is structured in a different way, comparable 'external' developments like an economic crisis may lead to different housing out-

Germany	Ireland	UK
No regulation applied	No regulation applied	No regulation applied
No housing costs insurance	No housing costs insurance	New Home owners mortgage support and improvements to ISMI* safety net
No	Code of conduct for handling payment arrears intended to prevent evictions	Mortgage rescue scheme + home owners mortgage support
No regulation applied	No regulation applied	No regulation applied
No	More generous interest tax relief and stamp duty trade-in	Temporary reduction in stamp duty for cheaper existing homes
No	Home choice loan is government loan to first-time buyers to fund new-build or self-construction	HomeBuy direct with 30% equity loan (type of mortgage)
No	No	Kick-start of £ 1.06 billion for approximately 22,400 dwellings
No	Long term lease scheme enabling housing corporations to lease newly built dwellings	National clearing house for removal of unsold private projects from the market

Source: Dol *et al.*, 2010a

comes. These differences in housing outcomes between countries in relation to differences in the structure of housing systems form the point of departure in this contribution.

5.8 Dynamic versus static housing systems: the theory

In our analysis of the relation between housing outcomes and the structure of housing systems we make a distinction between dynamic and static housing systems. This distinction is based on work by Ball *et al.* (1988) and Martens (1990). In their work they distinguish between unified and fragmented or segmented markets. In unified markets both new and existing dwellings compete for would-be purchasers, and the transactions of the large number of existing dwellings and households influence new housing construction. All parts of the national owner-occupied housing market are linked by common market forces. Fragmented owner-occupied markets are dominated by first-time buyers and consist of a variety of sub-markets, differentiated by region or housing sector. Fragmentation is encouraged by the low rate of mobility of existing homeowners. New housing meets localised demand (Ball *et al.*, 1988: 113-114). Besides this, Ball *et al.* (1988) and Martens (1990) distinguish between different 'forms of owner-occupied housing provision'. Forms of housing provision are defined by the relations between those who initiate and control house building and the other institutions and agencies that are part of the development process (Martens 1990: 50). Forms of owner-occupied hous-

ing provision include speculative promotion, speculative house building and self-building or self-commissioned house building where individuals build for their own use. Thus the development process is initiated and controlled by future owner-occupiers, using land which they acquire themselves (Ball *et al.*, 1988). Although Martens (1990) and Ball *et al.* (1988) do not point to a direct relation between different markets and different forms of housing provision, self-building or self-commissioned house building is more likely in fragmented markets with low household mobility and speculative promotion or speculative building in unified markets with high household mobility. So in our distinction between dynamic and static housing systems we combine 'housing market structures' with 'forms of housing provision' and focus on the role of household mobility. We could alternatively speak of low turnover versus high turnover systems when we refer to static and dynamic housing systems. In the following subsections we elaborate more on our views of dynamic and static housing systems and we state our expectations with regard to the crisis-sensitivity of these systems.

5.8.1 Dynamic housing systems

Dynamic housing systems are based on a process of gradually moving up and down the property chain and consist of a market for new construction in which owner-occupied housing is primarily built by commercial market players who develop properties at their own risk. They offer newly built dwellings on the free market via estate agents or their own sales channels. In economic booms, the construction of new dwellings is often targeted at the upper end of the market (Ball *et al.*, 1988). Via relatively long housing chains, the construction of a new dwelling at the upper end of the owner-occupied housing market ultimately results in a property becoming available for a first-time buyer at the lower end of the market. As their housing preferences change, many homeowners opt to move house rather than extend or renovate their existing property. These changing preferences may be the result of changes in the composition of the household or in income. As a consequence, these types of markets tend to have high levels of mobility and a large number of transactions of existing owner-occupied dwellings.

New residential development and construction by market parties in dynamic housing systems may involve varying degrees of speculation or risk. One way of reducing risk is to sell newly built dwellings at the initial planning stage; the start of construction is delayed until a specific percentage of dwellings have been sold. Speculative building involves a much greater level of risk as owner-occupied dwellings are sold either during or after construction (Goland and Blake, 2004). If the demand for owner-occupied dwellings drops, developers can be left with unsold properties on their hands.

It is likely that a dynamic system, based on a high level of mobility, will

be highly vulnerable to economic trends because it relies on households who already own a good dwelling trading up to a larger, more expensive property. In times of economic prosperity, the demand for dwellings increases and prices rise. In this situation, homeowners will be more likely to move up the housing ladder and purchase a more expensive dwelling. In this process, an increase in the price of owner-occupied dwellings further stimulates the demand for such properties (Stein, 1995). This is because investing in a dwelling in a rising market not only offers the benefits of the dwelling itself, but it also offers the prospect of a high return on the investment. In general, in dynamic housing systems dwellings are an asset or investment. As a result, rising house prices may also attract investment in private rented housing (buy-to-let).

When house prices rise, existing homeowners find it relatively easy to climb the housing ladder into a better property, because they can take along the increased equity from their existing dwelling (Stein, 1995). However, it becomes increasingly difficult for first-time buyers to enter the owner-occupied market and this process of trading up can ultimately stagnate because of falling demand at the lower end of the market. This can lead to a temporary reduction in the number of transactions in the market for existing owner-occupied properties, a decrease in housing production and a downward price correction.

In a period of economic recession, there is diminished confidence that incomes and house prices will rise. For this reason, many homeowners delay moving house, deterred by the prospect of investing in a more expensive dwelling that may fall in value. As a result, fewer dwellings are sold and mobility decreases. This can lead to a downward price correction, although many sellers are willing to accept longer selling times instead of lowering the list price (Engelhardt, 2003). When the confidence of consumers in the housing market is low and more households face problems in meeting payments, eventually house prices will fall. If this situation is combined with few spatial planning restrictions on residential construction and with speculative building, a fall in demand can trigger a stronger price response. This is because many project developers have started building houses in the previous prosperous era and now, as demand suddenly falls, are left with large numbers of unsold dwellings, which creates an excess of supply and subsequently puts an additional downward pressure on house prices.

5.8.2 Static housing systems

In static housing systems, private individuals who commission the construction of new residential properties play a major role. These are often detached properties built on a plot owned or acquired by the individual. This individual buys a plot and, usually in consultation with an architect, arranges the

required planning permission and coordinates the design, the issuing of tenders to contractors and, ultimately, the construction (see for example Ball, *et al.* 1988; Dol, *et al.* 2010b). In this kind of housing market, changing housing preferences are less likely to result in people moving house but rather in modifying their existing home. Consumers in static housing systems generally buy only one or at most two dwellings in their entire housing career. As a consequence, the system is typified by low levels of mobility and short housing chains. This therefore means that the number of transactions in the market for existing owner-occupied dwellings is relatively limited. In markets where self-provided housing plays an important role, the influence of economic trends on the housing market is likely to be less significant (Barlow and Duncan, 1994: 148). The construction of new properties focuses less on the upper end of the market and is more driven by actual housing needs.

In view of this limited mobility, changes in the prices of existing owner-occupied dwellings play a less significant role in a static system. In this kind of market, dwellings are not regarded so much as an investment whose value will hopefully increase, but rather as consumer goods (see also Duncan and Rowe, 1993). Of course, in a static system, an economic recession will also lead to a reduction in the number of transactions in the existing stock and a decrease in the production of new dwellings, but its effects are relatively limited. Indeed, for households with secure employment, an economic recession can even prove attractive because it generally provokes a drop in the prices of building materials, making the cost of construction relatively low (see Duncan and Rowe, 1993). In general terms, trends in the costs of construction and land have a greater relation with house prices in a static system than they do in a dynamic system. This is because the process of trading up in a dynamic system means that the number of transactions involving existing dwellings is many times greater than the number of new dwellings, and the price of existing owner-occupied dwellings therefore determines the price of new properties (Boelhouwer *et al.*, 2006).

5.9 Dynamic versus static housing systems: the application to several countries

5.9.1 The countries classified by type of housing system

As we argued, the number of transactions on the market for existing owner-occupied dwellings is an important feature distinguishing between dynamic and static housing systems. For this reason, Table 5.4 shows the number of transactions involving existing (owner-occupied) dwellings per 1,000 owner-occupiers in the selected countries. The table shows a clear distinction, at least until 2007, between the number of transactions per 1,000 owner-occupi-

ers in the United Kingdom, Ireland and the Netherlands on the one hand and Germany and Belgium on the other. The effect of the economic crisis in 2008 on the number of transactions is also much more evident in these first three countries than it is in Belgium and Germany.

A second feature distinguishing between static and dynamic housing systems is the level of self-provided housing. Table 5.5 shows that self-provision plays an important role in Germany and Belgium and that only in Germany has the level of self-provided housing increased since 1990. This high level of self-provision in Germany is partly a consequence of the fact that dwellings are commissioned by private individuals for renting out. A comparison between Tables 5.3 and 5.4 shows that with regard to the 'ranking' of countries the number of transactions mirrors the percentage of self-provided housing. Countries like Belgium and Germany with a static housing system have the least transactions per 1,000 owner-occupiers and at the same time the highest level of self-provided housing. In the UK, the Netherlands and Ireland we see a high level of transactions and a lower degree of self-provision.

The two countries with a static housing system differ from each other in so far as Belgian households tend to invest in their own home at an earlier age. Indeed, De Decker (2008) highlights a long-standing practice involving the private commissioning of construction whereby families often own plots of land which are passed on to children when they reach adulthood and much of the construction is done independently. This practice has been partly facilitated by the traditional *laissez-faire* attitude adopted by Belgian spatial planning policy. However, since the start of this millennium, there has been some tightening in Belgian spatial planning policy. Practice in Germany differs from that in Belgium because people tend to enter the owner-occupied housing market at a later age. The fact that households in Germany delay the move to their own home until a later age is partly a consequence of the way in which ownership is financed. This also encourages the construction of relatively large and high-quality dwellings. Up to the age of 35, people tend to make use of the extensive and affordable rental housing market (Tegeeder and Helbrecht, 2007). Most German households do not buy a dwelling more than twice in a lifetime.

The Dutch, British and Irish housing systems are dynamic in character. In Ireland, the development of a high turnover market based on a process of trading up is a recent trend triggered in part by the strong economic growth experienced in this country in recent decades. This strong economic growth led to a very high level of housing production which facilitated movements to newly built dwellings and within the housing stock. Due to rapid house price increases (new) dwellings became popular as an investment. So from the mid-1990s the buy-to-let sector grew fast in Ireland, as was the case in Eng-

Table 5.4 Transactions per 1,000 owner/occupiers in five West European countries, 2000/2008

Transactions/1,000 owner-occupiers	2000	2001	2002	2003	2004	2005	2006	2007	2008	Average 2000-2008
UK		85.1	91.9	83.7	83.0	71.1	88.0	83.8	43.1	70.0
The Netherlands	51.8	53.1	53.5	49.1	48.5	52.0	52.7	50.8	45.7	50.8
Ireland*	47.8	39.4	50.6	55.3	50.8	56.8	54.3	42.1	25.3	46.9
Belgium	36.9	37.8	39.6	40.5	40.4	40.0	40.6	41.7	39.9	39.7
Germany**	30.8	31.7	30.3	29.8	26.7	30.5	26.8	27.6	27.1	29.0

Source: All statistics in this table are OTB Research Institute calculations. Number of owner-occupiers is calculated on the basis of data from Housing Statistics in the EU (Federcasa, 2006). Transactions in Germany from Hypostat 2008. All other data used for the calculations are from national statistical bureaus.

land (Dol et al., 2010a).³

Important differences between the Netherlands, Britain and Ireland are related to the extent to which there is speculative construction and the spatial planning possibilities for realising residential properties. In the Netherlands, risks are limited by selling new dwellings at the initial planning stage. In such cases, the start of construction is delayed until a specific percentage of dwellings have been sold (usually around 70%). This percentage of pre-sales is an integral part of the construction process required by funding bodies and for construction guarantees.⁴

In the UK and Ireland, there is more speculative construction and new owner-occupied homes are generally sold during or after construction (see Barker, 2004; Murphy, 1995). This entails a much greater level of risk for market players. If the demand for owner-occupied dwellings drops, developers can be left with unsold properties on their hands. Where speculative building is combined with a generous spatial planning policy, like in Ireland, the risk of unsold newly built dwellings will be even bigger. A restrictive planning policy, like in the Netherlands and England, diminishes this risk. On the other hand a restrictive planning policy inhibits supply when demand is high, resulting in strong price increases (Barker, 2008; Ball, 2004; Vermeulen and Rouwendaal, 2007).

The difference between dynamic and static systems outlined above is of course based on generalisations and does not apply in every case. Private individuals also commission the construction of their own homes in the Netherlands, the UK and Ireland. Equally, there are also developers in Belgium and Germany who market new-build properties at their own risk. For example, in urban areas in Belgium project developers have increasingly been building owner-occupied apartment complexes. There is also of course a market for existing homes in Germany and in Belgium, since not everyone builds or commissions their own home. In addition, housing markets also undergo development. For example, the process of trading-up rapidly increased dur-

³ In the Netherlands buy-to-let is less popular because house prices are 'based' on the existence of full mortgage interest tax relief (see Sect. 9), which is restricted to one dwelling.

⁴ This guarantee, initiated by the Dutch building industry after a crisis in the housing market in the early 1980s, guarantees the buyer that the dwelling will be finished in case of bankruptcy of the developer during the building process.

Table 5.5 Self-provided housing as a percentage of total housing production in five West European countries, 1990-2004/2005

	1990	2004/2005
UK	10	n.a.
The Netherlands	17	11
Ireland*	40	26
Belgium	71	52
Germany**	63	66

* New individual houses.

** Part of these dwellings are commissioned by private individuals for renting out.

Source: National Statistics Institutes (Belgium, Germany and the Netherlands); Barlow *et al.*, 2001 (UK); Ministry of Environment, Heritage and Local Government (Ireland)

ing the 1970s and 1980s in the Netherlands' housing market. This trend started only recently in Ireland and, as indicated above, the role of project developers is also starting to make its mark in Belgium, primarily in the construction of apartments.

5.10 Dynamic versus static housing systems: stabilising factors

5.10.1 Owner-occupied housing sector

The operation of mortgage finance systems and the nature of government influence on these systems provides varying degrees of built-in automatic stabilisation. Table 5.6 includes an overview of types of financing for home ownership and government policies applied in the five countries studied.

In the UK and Ireland, two of the countries with dynamic systems, there are hardly any stabilising factors in the housing market. If available at all, mortgage interest tax relief is only limited and variable interest rates are often applied, which means that changes in interest rates have a direct impact on households' housing expenditure. In addition, there are relatively high LTVs (80–100%) and LTIs, which means that households who have recently purchased a home in particular can face immediate affordability problems through an increase of interest rates. During an economic recession, when households face a drop in income or have low expectations with regard to potential improvements in income, the process of trading up tends to stagnate. Moreover, the price of owner-occupied housing is increasingly determined by relatively low proceedings from repossessions of home owners who are no longer able to meet their mortgage payment commitments as a result of an interest rate increase or a drop in income. In Ireland, this impact might be felt more intensely than in the UK as there is no additional crisis measure that covers high housing costs. In addition, because much of the residential construction both in the UK and Ireland is speculative in nature, an economic downturn can lead to new residential properties becoming unsaleable and remaining vacant. In Ireland, where there are relatively loose spatial planning restrictions on the construction of new residential properties, this impact could be felt more keenly than in the UK where spatial planning poli-

Table 5.6 Stabilising factors on the housing market in five West European countries, 2009

	The Netherlands	Belgium	Germany	Ireland	UK
Mortgage interest tax relief	Complete on marginal rates	Limited	No	Limited	No
Object subsidy (based on the property)	No	No	No	No	No
Subject subsidy (based on the individual)	(Temporary) government subsidy to promote home ownership for low-income groups	No	<i>Wohngeld</i> for rental and owner-occupied sectors	Exemption from stamp duty for first-time buyers	No
Mortgage guarantee	Yes, (temporary up to €350,000)	No	No	No	No
Housing costs support	National Mortgage Guarantee (NHG) housing costs support	Flemish housing costs insurance subject to income built	No	No	ISMI for low incomes
Building savings (<i>Bauspar</i>) systems	No	No	Yes	No	No
Main type of interest rate	Fixed for 5-10 years	Fixed for more than 10 years	Fixed for 5-10 years	Variable	Variable/short-term fixed rates
Percentage of new loans with (partially) variable interest	18%	10%	15%	67%	40%
Maximum LTVa	125%	80%	80%	80%, can increase to 100% if house prices are rising rapidly (pro-cyclical)	80%, can increase to 100% if house prices are rising rapidly (pro-cyclical)
Average LTV for a first-time buyers	100%	80%	70%	83%	72%
Outright ownership as a percentage of all owner-occupiers (2006)	16%	57%	50% (1994)	64%	44%

In countries with a comprehensive mortgage guarantee, such as the Netherlands, 100% and higher is possible. In Germany, where capital is sourced from the Pfandbriefmarkt, 60% is customary but can be supplemented with 'secure' *Bauspar* loans. In other countries, more than 75-80% is possible, but banks report that they then apply a significant interest rate supplement of 0.2-0.4%. As this approaches 100% it can accumulate rapidly (ECB, 2009).

Source: Dol & Neuteboom, 2009 (outright ownership); Dol *et al.*, 2010a

cy is more restrictive.

In the Netherlands, the third country with a dynamic system, there are more stabilising factors to support the owner-occupied housing market. Mortgage interest tax relief and the often extended periods of fixed interest rates create a buffer that protects against fluctuations in interest rates or in owner-occupiers' ability to keep up payments. On the other hand, the LTVs for first-time buyers on the housing market are very high and the level of outright ownership is low. Despite the existence of both the national mortgage guarantee, which covers the risks of funding bodies, and (limited) housing costs insurance, the high LTVs and LTIs still present a risk, primarily for recent buyers who face a drop in income. This is especially the case if this coincides with a drop in house price. The risk of unsalable, vacant new residential properties is limited in the Netherlands because of the process of pre-selling generally applied. Construction of new residential properties is delayed until around 70% of dwellings have been sold.

Table 5.7 Stabilising/destabilising factors in the rented sector in five West European countries, 2009

	The Netherlands	Belgium	Germany	Ireland	UK
Rent adjustments for social renting	Regulated	Regulated	Regulated	Regulated	Regulated
Subject subsidies for social renting	Yes	Income-related rents	Yes (via <i>Wohngeld</i> or social insurance)	Yes	Yes
Rent adjustments for private renting	Regulated 'up to a limit'	Regulated	Market/related (<i>Mietspiegel</i>)	Nor regulated	Not regulated
Subject subsidy for private renting	Yes	No	Yes	Yes	Yes
Size of the rented sector	49%	25%	57%	18%	30%

Source: Haffner *et al.*, 2009

In Belgium and Germany, which have a static housing system, the way in which home ownership is financed represents a significant stabilising factor in the owner-occupied housing market. In these cases, the maximum LTVs are lower than in the other three countries and long periods at fixed interest rates are more common. Facilities are also available for households unable to meet their housing expenditure as a result of a drop in income, either in the form of an individual subsidy (*Wohngeld* in Germany) or as housing cost insurance funded by local government (Flanders).

5.10.2 Rental sector

The rental sector can also affect the stability of the housing market. Trends in the market value of residential properties and changes in the ability of households to make payments have an indirect effect on large parts of the rental property market in most countries.⁵

There is however, no direct relationship between the house prices and rents. The ability to meet payment commitments depends on the relationship between the rent and income. Because rents (for existing contracts) are regulated in many countries (at least in the social rental sector) and/or there are subject subsidies or income-related rents available, the influence of the economy on tenants' ability to meet their payment commitments is relatively limited (see Table 5.7).

Because the rental sector is less vulnerable to economic trends than the owner-occupied sector, the stability of the total housing market depends on the size of the rental sector. If it is large, this means that any economic effects on the owner-occupied housing market affect only a limited number of households. In this respect, the rental sector in Germany and the Netherlands is a much more significant stabilising factor on the housing market than it is in Ireland, Belgium and the UK. A comparative OECD study (André, 2010: 33) suggests that the existence of well-functioning rental markets can help to reduce the volatility of house prices: "When house prices rise relative to rents, an increasing share of households should opt for renting, there-

⁵ For landlords, the effect of developments in the market value of dwellings may be reasonable compared with that for owner-occupiers: changes in value primarily play a role in sales and the decision on whether or not to sell.

by reducing pressures on prices.”

Finally, as a result of anti-cyclical housing production, the rental sector can play a more direct role in mitigating the effects of a recession. This may involve the construction of rental properties or the buying up of unsaleable new-build homes. In four of the five countries studied the social rental sector can only play this role when supported by government subsidies. It is only in the Netherlands that the social rental sector can fulfil such a role without additional government support.

So in two of the three countries with a dynamic housing system, England and Ireland, there are few stabilising factors through government policy or via the financing industry. Moreover, new dwellings are built speculatively and in Ireland this is combined with relatively light planning restrictions. In the Dutch housing market there are more stabilising factors, among which is a large and financially independent social rented sector. Some of these factors (mortgage guarantee and housing costs support) may be seen as a compensation for full mortgage interest tax relief, which results in high LTVs and a low percentage of outright ownership. In Germany and Belgium, countries with a static housing system, the main stabilising factor in the housing market is the way in which home ownership is financed. In Germany the large rental sector is an additional stabilising factor in the housing system.

5.11 Conclusions

We have examined the housing market impacts and the housing policy impacts of the international financial crisis in several European countries. We have argued that both sets of impacts have differed markedly between countries. The differences between countries can, it has been shown, be explained in terms of differences in housing systems. We have distinguished between dynamic and static systems.

In a dynamic system additions to the stock come mainly from speculative house building and there is a high rate of turnover in the existing stock. This results in a large volume of transactions in the owner-occupied stock relative to the number of homeowners. The high level of household mobility that characterises this system is essential to the functioning of the market and the demand for new dwellings. With rising demand and rising prices home ownership has a high level of attraction as an asset and trading-up is common. The system depends strongly on fresh waves of first-time buyers entering the market. When these first-time buyers find purchasing more difficult, downward trends in prices and transactions follow speedily.

In static systems there is more self-build and less speculative development and lower levels of household mobility. Changes in demand are more reflected in adaptations to existing dwellings and less in moves to new dwell-

ings. House prices are more linked to supply-side factors such as building and land costs than in the dynamic model. Transitions are lower and house price inflation is less driven by rising demand and speculative purchases.

In our comparison, the Netherlands, Ireland and the UK can be typified as having dynamic systems and Belgium and Germany as more static systems. However, rather than a crude division of the countries according to two categories it is better to see the first three countries at one end of a dynamic/static spectrum and the remaining two at the other end. In the more dynamic countries the impact of the crisis on house prices, production and transactions was more marked than in the countries with more static systems. The policy responses by governments accordingly differed between the countries. We have made a distinction between policy responses that have focused on financial institutions and those that have focused on housing demand and output. Our main concern has been to emphasise the variations in the housing-specific responses. Whilst there were few housing (as opposed to financial market) measures in Belgium and Germany there were significant sets of housing policy responses in the other three countries. These measures were aimed at reducing the risk of mortgage default, boosting the demand for housing and assisting the construction industry. We have further shown that the differences between the countries are linked to the (built-in) stabilising factors in each country. These stabilisers relate to the operation of mortgage markets, government support for mortgage markets, the size of the home ownership sector relative to the rented sector and the support provided for tenants.

The extent to which the housing market has been affected by the crisis appears to be in line with our assumptions about the sensitivity of the different housing systems: dynamic markets are more sensitive than static markets. The effects of the crisis on the owner-occupied market are strongest in Ireland, followed by England. In these countries the fall in house prices and transactions of existing and new dwellings was largest. These countries have limited stabilising factors through government policy or via the financing industry. Moreover, new dwellings are built speculatively and in Ireland this is combined with relatively light planning restrictions. With regard to the other three countries it seems that the Dutch market for new dwellings has been hardest hit, while in Germany the prices of existing dwellings show a relatively strong decline. This house price decline in Germany is partly a result of the housing surpluses that existed before the crisis in many parts of the country. The fact that the Dutch housing market has been less hit than the English and Irish may be attributed to the many stabilising factors in the Dutch housing market. The Belgian (Flanders) housing market, a clear example of a static owner-occupied market, seems to experience the least trouble from the economic crisis.

However, the extent to which the general economies of the five nations

have been affected by the crisis seems to follow the same pattern. Countries that have been severely affected are also confronted with the largest problems on the housing market. It is not always possible to establish to what extent developments on the housing market are influenced by structures of the housing system and the stabilising factors. The question remains whether the large problems on the Irish and English housing markets are a result of the structure of the housing system or whether these are a result of the stronger impact of the economic crisis in general. Possibly there is a relation between the general economic structure and the housing market structure which would result in a process where a nation that is highly sensitive to the general economic climate also has a housing system structure that is sensitive to the economic climate.

Making a distinction between static and dynamic housing systems provides a new and fruitful way to classify housing systems and explain why the international financial crisis had different impacts in different countries. This perspective is most usefully viewed as complementary, rather than as an alternative, to the sets of explanations that arise from economic theories that seek to understand differences in housing market volatility as a consequence of varying determinants and varying levels of housing demand and supply-side inelasticity.

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6 Social rented housing in Western Europe

Developments and expectations

Harry van der Heijden, 2002, *Urban Studies*, 39 (2), pp. 327-340. <http://usj.sagepub.com/content/39/2/327.short>

Abstract

What lies ahead for the social rented sector in Western Europe? Do countries differ merely in degree, or do differences between countries offer grounds on which to sketch divergent scenarios for the future? This paper treats these questions in light of the work of Harloe and Kemeny. Based on the development of the policy context and the size and the character of the social rented sector in six West European countries, three plausible scenarios will be presented. The first (residual dual market) scenario is comparable to Harloe's residual model and Kemeny's dual market model. The second (residual unitary market) scenario starts with Kemeny's unitary market model but develops in the direction of the first (residual dual market) scenario. The third (unitary rental market) scenario combines social responsibilities with a market approach to housing provision.

6.1 Introduction

Several authors have described the development of the social rented sector in Western Europe, dealing in turn with individual countries and separate periods (Oxley and Smith, 1996; McCrone and Stephens, 1995; Harloe, 1995; Kleinman, 1996; Balchin, 1996; Boelhouwer and Van der Heijden, 1992). In spite of the wide range of differences between the housing systems in Western Europe, all of those publications depict a reasonably consistent pattern of development. After the Second World War, the level of government intervention in housing tended to be high. The policies were focused on the realisation of large-scale construction programmes, which were supposed to eradicate the housing shortages that had developed during and immediately after the war years. The construction of (social) rented dwellings was widely promoted. New construction programmes – and, at a later stages, rehabilitation of the existing stock – were stimulated by offering construction subsidies. In the rented sector, the various forms of subvention were accompanied by measures to keep rents low. By the 1970s, the housing shortage had declined substantially. Meanwhile, ideas about the structure of the welfare state had evolved. Consequently, many West European countries were adjusting the level and direction of intervention in the housing system. A new vision of the role of the government led to a decline in the magnitude of public investment. It also resulted in a shift from public control to regulation through the market mechanism.

By sketching the development of post-war housing policies in such broad

strokes, we have left out of the picture some significant differences between countries. Specifically, the magnitude of public intervention and the form it has taken differ across Europe. Moreover, the size and role of the social rented sector developed differently in the respective housing systems and the position of social landlords evolved along different lines.

In this context, what lies ahead for the social rented sector in Western Europe? Do the countries differ merely in degree, taking a similar path in their development? Or do the differences between countries offer grounds on which to sketch divergent scenarios for the future?

This paper treats these questions in light of the (theoretical) work of Harloe and Kemeny. Harloe (1995) foresees a comparable development of the social rented sector in various countries of Western Europe, whereby all will move in the direction of a residual model. Kemeny (1995) puts forward a divergence thesis, whereby he sees the possibility that two models will develop alongside one another.

Section 6.2 considers the work of Harloe and Kemeny. This sets the stage for a review of the way the social rented sector has evolved in six West European countries: Great Britain, Germany, France, Belgium, Sweden and the Netherlands. First, we sketch the policy context (Section 6.3) and then consider the size of the sector in the various countries (Section 6.4). Subsequently, Section 6.5 zooms in on the character of the social rented sector. The discussion deals with the sector's role in housing various income-groups, the development of housing expenditures and the position of social landlords. Section 6.6 draws upon the preceding sections – the review of the work of Harloe and Kemeny as well as the overview of how the social rented sector has developed in the six West European countries – to present some plausible scenarios for the future. The possible directions are charted not only on the grounds of comparable trends, but also in terms of the differences between the countries.

6.2 A theoretical perspective on the development of the social rented sector: Convergence and divergence

Within the field of comparative housing studies, various approaches have been worked out over the past few decades (Kemeny and Lowe, 1998). The two most important ones are epitomised in the work of Harloe and Kemeny. Harloe puts structures and systems at the centre of his analysis, whereas actors and institutions take an important place in Kemeny's work. The two authors arrive at contradictory explanations of the development of housing systems and present different visions of the future.

Harloe's (1995) explanation ascribes a central role to the development of

the economic structure. Despite the fact that Harloe notes major differences between diverse housing systems, his explanatory analysis emphasises the similarities in their development. Furthermore, he distinguishes various (social) housing models that have been in existence in western industrialised societies at about the same time: the mass model and the residual model. The distinguishing feature of the mass social housing model is its emphasis on a large volume of new construction of social rented dwellings, whereby these programmes are not specifically aimed at the provision of housing for the lowest income-groups. In this model, the social rented sector provides housing for a wider segment of the population. Moreover, the sector is supported by generic subsidies: income-independent subsidies play a relatively insignificant role.

The residual model, in contrast, is characterised by small-scale programmes of new construction geared to the needs of the lowest income-groups. In this model, the social sector is somewhat stigmatised as the sector that provides housing for groups that are politically, economically and socially marginalised.

According to Harloe, the mass model came to fruition in Western Europe after the Second World War. Starting in the mid-1970s, according to Harloe (1995: 534), there was a convergence in the direction of the residual model. Kemeny (1992, 1995), in contrast, assigns a central position to the ideological character of a society's social structure (i.e. its culture). He places the accent on differences in the development of housing systems in relation to differences in social structure. Thereby, he distinguishes various (rental) housing models that may arise simultaneously in different (groups of) countries: the dual and the unitary model.

Dual systems have a profit market policy strategy and are based on the occurrence of direct competition between the social (non-profit) rental sector and other tenures. The government shields the social rented sector from the rest of the housing market and uses it as a safety-net for the housing of low-income groups. It should be noted that access to the public rental sector is restricted to households with a low income, while the private rental sector – with its high rents and limited security of tenure – is not attractive to a great many households. In that light, demand in dual systems is strongly geared to the owner-occupied sector. Indeed, according to Kemeny, dual systems are characterised by a large proportion of home-ownership and a social rented sector of limited size, housing primarily low-income groups.

Unitary systems are derived from a social market strategy, according to Kemeny (1995: 19; see also Kemeny and Lowe, 1998: 172). Part of this strategy is to create a level playing-field between the tenures in which renting is not penalised nor owner-occupation favoured. Under these circumstances, the balance between the tenures is determined by household demand rather than by government fiat (Kemeny, 1995: 19). The non-profit rental sector

in such systems is not exclusively directed towards the low-income groups. Thus, there is no sign of a general tendency towards marginalisation of the social rented sector in unitary rental markets (Kemeny, 1995: 143).

The contexts in which the models distinguished by Harloe and Kemeny emerged are quite different. Nonetheless, Harloe's residual model and Kemeny's dual model have strong similarities with respect to their 'visible' effects on the housing market. Concretely, the owner-occupied sector is the normal tenure, whereas a small social rented sector is intended to house low-income groups, whereby government support takes the form of individual (means-tested) subsidies.

Harloe sees a convergence in the direction of this model in West European countries. Kemeny, on the other hand, believes that a second model may develop, one characterised by tenure-neutral government policy, a less dominant position for the owner-occupied sector and a social rented sector that provides housing for broad segments of the population.

6.3 Development of the policy context

Generally speaking, the housing policy pursued over recent decades has shown a number of comparable developments in the six countries studied here. The main ones are the declining role of the government in regulation and subsidisation and the greater effect of the market. The following aspects play a key role in the way these developments work out:

- Promotion of home-ownership for the population at large and especially for households on a limited income. With the exception of Sweden, this goal plays a significant role in all countries under investigation.
 - Reduction of government subsidies – especially object subsidies – and an increase in the housing expenditure of households. Sweden and the Netherlands are in the process of abolishing the instrument of object subsidies altogether. In addition to the rent increases that result from cutting back on object subsidies, the changes in the rented sector also correspond closely to the loosening grip of rent control. The rationale behind rent increases is to bring rents in the social rented sector more in line with rents in the open market. This implies that, in addition to a general increase in the rent level, there will also be a greater differentiation in rent increases.
 - Directing an ever-growing share of the (remaining) public subsidies towards low-income households by means of subject subsidies. There is a tendency to decrease generic (object) subsidies in the face of an overall increase in the cost of housing. In many countries, this tendency goes hand-in-hand with an increase in the amounts awarded as individual subsidies to eligible households. These subsidies are primarily meant (partly) to compensate low-income households for the increasing housing costs.
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This generalised picture of the development of housing policy in Western Europe is too sketchy to reveal many of the differences between various countries. These differences pertain to the magnitude of the changes and the manner in which they have been introduced, but they also concern the timing of the changes.

The development toward a more market oriented housing system was set in motion at the end of the 1970s in France and Great Britain. In Belgium, the entire post-war period has been characterised by a relatively low level of government intervention. In Germany, deregulation of the housing market became the goal of housing policy changes, although only after some futile attempts at deregulation during the 1960s.

Compared to the pace of change in the other countries, the Netherlands waited a long time before it replaced its system of direct, major intervention by a system that conforms more closely to the market. But then, in a relatively short period of time, the Netherlands did away with its substantial broad-spectrum generic subsidies. These were quickly replaced by closely targeted, individual subsidies. The Dutch government has taken the role of facilitator upon itself. Its efforts are now concentrated on creating the necessary conditions so that other actors in the housing market can perform a significant (financial) role. Sweden had a similarly strong and long tradition with respect to financial support by the government in combination with powerful regulatory powers in the field of housing. There, too, major changes were rapidly implemented in the early 1990s. Tax reforms were instituted (in 1990 and 1991) and the financing and subsidy systems were revamped (in 1993). The combined effect of these changes was a sharp rise in the housing expenditure of (especially) low-income groups.

It should be pointed out that the transition to a market-oriented housing system, with a low level of public intervention, has not always been smooth. In several countries, early attempts at deregulation were interrupted by an economic slowdown. The governments reacted to these downturns by (temporarily) increasing both subvention and regulation. Especially during the 1970s, investment in housing was used as an instrument to stimulate the economy. In the 1990s, some countries (Germany, Belgium and France) once again increased the level of public investment in residential construction. They stimulated the production of social housing – in both the social rented and the home-owner sectors – to deal with re-emerging shortages of affordable dwellings for low-income groups. These investment programmes are not structural. They are intended to eradicate the recently apparent shortages in a relatively short time-span.

6.4 Development of the position of the social rented sector in the housing market

There may be significant differences among countries with respect to both the nature and the role of tenure, even though these tenures bear the same name. Despite the idiosyncrasies of a given tenure in each individual country, the relative shares of tenures and the direction of their shifts are features that do lend themselves to international comparison. These factors reflect the nature of each country's respective housing policies and the effects of those policies on the housing market.

Table 6.1 gives some figures on the development of the relative size of different tenures in the six countries under investigation. Most countries recognise three tenures: home-ownership, the social rented sector and the private rented sector. Only Sweden has a fourth tenure of considerable size: co-operative housing. In Table 6.1, the ownership of co-operative housing is subsumed under the heading 'Other'.

The home-owner sector is relatively large in Great Britain and Belgium. Home-ownership plays a considerably smaller role in Sweden and Germany. In Sweden, the lower incidence of home-ownership is due to the relatively important role of the co-operative sector. Co-operatives offer many households a good (and affordable) alternative to outright ownership. Even though co-operative housing exists in several other countries (including Germany), it is not recognised as a distinct sector there.

The social rented sector is a major tenure in the Netherlands. This is also the case in Great Britain and Sweden, although the share of social renting in these two countries is much smaller than in the Netherlands. The role of the social rented sector in Belgium and Germany is relatively small. With respect to Germany, the low profile of the social rented sector reflects the temporary nature of the 'social status' of rented dwellings. It is reckoned to the social rented sector only temporarily because, as soon as the subsidies run out, the social rented stock becomes part of the private rented sector. Consequently, the latter sector is very large. In contrast, the private rented sector is small in the Netherlands and Great Britain.

The six countries differ in more ways than just the size of the social rented sector. They also differ with respect to developments in the share of social rented dwellings. Since the 1980s, the share of this tenure in the housing stock has been declining in Great Britain, Germany and the Netherlands.

In Great Britain, since 1980, there has been a steady decline in the share of the social rented sector. From 33% in that year, it has since dropped to 20% in 1998. This drop was a result of the large scale sell-off of social rented dwellings, in combination with declining new construction. The decline in the share of the social rented sector in Germany (from 15% in 1981 to 9% in 1998) coincided with an upsurge in the construction of social rented dwellings in

Table 6.1 The composition of the housing stock in six West European countries, by tenure, 1980s-1990s (percentages)

	Home-ownership		Social rental sector		Private rental sector		Other	
	1980s	1990s	1980s	1990s	1980s	1990s	1980s	1990s
Belgium (1981-1998)	59	74	7	7	31	16	3	3
France (1984-1996)	51	54	16	18	23	20	10	8
Germany* (1981-1998)	40	43	15	9	45	48	0	0
Great Britain (1988-1998)	61	69	29	20	10	11	0	0
Sweden (1980-1995)	42	39	20	23	21	23	17	15
The Netherlands (1985-1999)	43	52	41	36	14	12	2	0

* Excluding the former DDR.

Sources: Van der Heijden *et al.*, 2002; Haffner & Dol, 2000

the 1990s. The decline in the share of the social rented sector in Germany was brought about by the large number of dwellings that are routinely transferred to the private rented sector at the end of the subsidy period. The shrinkage of the social rented sector is thereby largely compensated by the increase in the share of private rented dwellings.

A similar pattern emerges from the data on the Netherlands. The social rented sector has been declining there since the end of the 1980s. The main reason is the declining production of new social rented dwellings (both in absolute and relative numbers). The impact of this trend has been augmented since the mid-1990s by a growing number of sales of social rented dwellings.

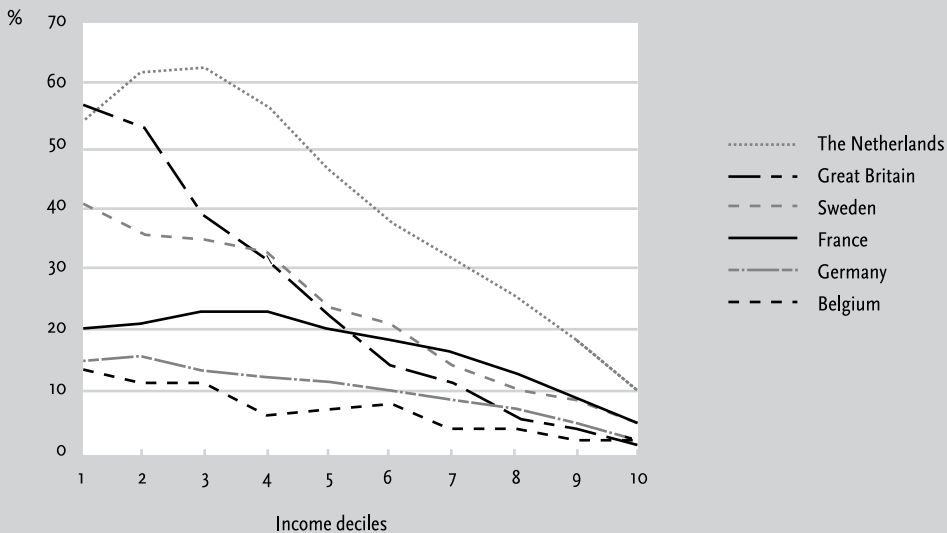
In contrast to the consistently declining share of social rented dwellings in Great Britain, Germany and the Netherlands, the three other countries present a more varied picture. There is evidence of stabilisation in Belgium and even some growth in France and Sweden. In the early 1990s, the production of social rented dwellings increased in France and Belgium, reversing the decline that had set in during the 1980s. That turnaround may even lead to further growth in the share of the social rented sector in the dwelling stock. By 1995, new construction in Sweden had dropped to fewer than 13,000 units per year. Most of this modest production was in the rented sectors. As the home-owner market stagnated, new construction dwindled in the home-ownership sector.

6.5 The development of the character of the social rented sector and the consequences for the position of social landlords

6.5.1 The role of the social rented sector for various income categories

Traditionally, the target group of the social rented sector in west Europe-

Figure 6.1 Proportion of households in the social rented sector in six West European countries, per income decile, 1990s



Source: Van der Heijden *et al.*, 2002

an countries has been fairly broad; it is not confined to the lowest income-groups. At least, the effects of the policy have been observed among a wider range of income-groups. With the exception of Sweden, all countries apply income criteria in the allocation of social rented dwellings. But, with the exception of Belgium, none of these countries sees a growth in household income as a reason to terminate the rental contract. Tenants in the social rented sector whose income increases to an amount above the ceiling level may be confronted with an extra rent increase (or rent tax) in some countries. In general, however, landlords do not seem to be particularly eager to apply this measure (Boelhouwer *et al.*, 1997: 523-524).

What role does the social rented sector play in each of the six countries with respect to the different income categories? Figure 6.1 depicts the share of households in each income decile who are residing in social rental dwellings. In all countries, the share decreases in the higher-income classes. The relationship between the proportion of households in social rented housing and the income category is strongest in the Netherlands, Great Britain and Sweden. This is not surprising as these are precisely the countries with the largest share of social rented units in their housing stock. In France, Germany and Belgium, in contrast, the social rented sector occupies a less prominent position in the housing market. Moreover, these three countries show a weaker relationship between the share of households occupying units in the social rented sector, on the one hand, and the income category of the occupants, on the other. In the latter set of countries, other tenures offer more options for low-income groups, perhaps out of necessity.

In the Netherlands, the share of households from all income deciles in the social rented sector is large. This is partly because of the relatively large number of units of that type in the stock. The fact that this share increas-

Table 6.2 The development of the distribution of households in the social rented sector, by income group, 1980s-1990s

	Low income (income deciles 1-3)		Middle income (income deciles 4-7)		High income (income deciles 8-10)	
	1980s	1990s	1980s	1990s	1980s	1990s
The Netherlands (1989-1993)	42.9	44.3	42.8	42.4	14.3	13.3
Germany (1982-1993)	33.2	44.0	44.7	42.5	22.1	13.5
Great Britain (1988-1996)	59.1	61.8	31.9	33.5	9.0	4.7
France (1988-1992)	37.3	38.2	46.6	45.5	16.1	15.9
Belgium (1988-1992)	55.6	52.4	31.2	34.6	13.2	13.0
Sweden (1990-1995)	39.7	49.0	45.0	40.5	15.3	10.5

Source: Van der Heijden *et al.*, 2002

es with rising incomes in the lowest deciles deserves special attention. The same phenomenon can be observed in France and Germany, though to a lesser extent. There, this phenomenon is related to the role of the private rented sector in the lower range of the income deciles in these countries (Van der Heijden and Haffner, 2000: 84).

Table 6.2 shows the development of the distribution of households in the social rented sector by income. The households from the three lowest income deciles have been combined to form the low-income-group. The group of middle-income households consists of tenants from deciles four through seven. The households from the three highest-income deciles have been designated as high-income households. This implies that the low- and high-income households are overrepresented when more than 30% occupy a social rented dwelling. For the middle-income group, this situation arises when the share is above 40%.

The table shows that low-income households are overrepresented among the tenants in the social rented sector in all six countries, but especially in Great Britain and Belgium, countries with a high proportion of owner-occupation. Moreover, the share of low-income households has increased over time in all countries except Belgium; the share of high-income groups decreased in all countries. Especially in Great Britain, and to a lesser extent in Belgium and Sweden, the share of the high-income group in social rented housing fell. The share of the middle-income group in social rented housing is disproportionately low in Great Britain and Belgium. In both countries, however, their representation has increased during the period under consideration.

6.5.2 The trend of housing costs in the social rented sector

The development of housing expenditures in the social rented sector is discussed here in terms of changes in the rent quote (rent-income ratio): the combined effect of the development of housing expenditures and disposable incomes. We may distinguish between the gross and the net rent quote. The difference between the two is explained by individual subsidies. No gross rent

Table 6.3 Change of the gross and net rent quote and the effect of housing allowance as a percentage of income (in percentage points) in the social rented sector in six West European countries*

Country and period observed	Change in gross rent quote	Change in net rent quote	Change in the effect of housing allowances
Belgium (1988-1992)	-	0.3	-
(West) Germany (1982-1993)	1.9	1.6	0.2
France (1988-1992)	1.4	1.6	-0.2
Great Britain (1988-1996/97)	5.1	1.4	3.7
Sweden (1990-1995)	5.2	3.0	2.1
The Netherlands (1989-1993)	1.0	1.2	-0.2

* For the sake of comparison with the other three countries, the development of average income and housing expenditure in West Germany, Great Britain and Sweden between the two reference years was calculated retrospectively for a period of four years. The recalculated value is shown here.

Source: Van der Heijden & Haffner, 2000

quote can be determined for Belgium, because household income was already taken into account at the time when the rent was set.

The change in the average gross and net rent quote and the effect of subsidy are shown in Table 6.3. The gross rent quote has increased in all countries, although the degree to which it has risen differs greatly. The average increase in the gross rent quote was relatively large in Great Britain and Sweden. With respect to Great Britain, the strong increase in the gross rent quote may be ascribed to a restriction on property subsidies in combination with the fact that housing associations had to raise the rents up to the market level during the 1980s. Moreover, starting in 1989, the municipalities were no longer able to keep the rents artificially low through transfer payments from general municipal funds. In Sweden, the repertoire of housing instruments was completely overhauled in the early 1990s. For the Swedish rental sector, this meant a reduction in property subsidies and put an end to the special fiscal status of non-profit landlords. The result was a sharp increase in rents.

Compared with the gross rent quote, the differences between various countries with respect to the increase in the net rent quote are considerably smaller. This is a result of the fact that the sharp increase in the gross rent quote in Great Britain and Sweden has to a large extent been compensated by housing allowances. In West Germany as well, the net rent quote rose less steeply than the gross rent quote. The picture was different in the Netherlands and France, where the net rent quote rose more than the gross rent quote. In the latter two countries, there was (on average) a decline in housing allowances (as a percentage of income). This is expressed in the negative value shown in Table 6.3.

The changes in the rent quotes discussed so far only refer to sector averages. Behind the development of the average rent quotes, however, there may be a wide divergence in the development of the quotes for different income groups. For that reason, Table 6.4 shows the development of both the gross and the net rent quote for the lowest income-groups in the social rented sector.

Table 6.4 Change of the gross and net rent quote and the effect of housing allowance as a percentage of income (in percentage points) for the income deciles 1-3 in the social rented sector in six West European countries*

Country and period observed	Change in gross rent quote	Change in net rent quote	Change in the effect of housing allowances
Belgium (1988-1992)	-	1.9	-
(West)Germany (1982-1993)	2.7	2.5	0.2
France (1988-1992)	5.1	3.3	1.8
Great Britain (1988-1996/97)	7.5	1.1	6.4
Sweden (1990-1995)**	3.0	1.9	1.1
The Netherlands (1989-1993)	2.9	2.6	0.3

* For the sake of comparison with the other three countries, the development of average income and housing expenditure in West Germany, Great Britain and Sweden between the two reference years was calculated retrospectively for a period of four years. The recalculated value is shown here.

** No quotes can be calculated for the first income decile in Sweden for 1990. Therefore, the figures shown here represent the average increase for deciles 2-4.

Source: Van der Heijden & Haffner, 2000

The table demonstrates that lower-income groups in all of the countries are confronted with a sharp rise in the gross rent quote. Moreover, with the exception of Sweden, this increase is (far) greater than the average rise in the rent quote for the social rented sector (compare Table 6.3). The picture is similar for the net rent quote, even though the effect of the individual subsidies on the lower-income groups in four of the five countries has risen more steeply than the average increase for the sector as a whole. Sweden is the exception to the rule. There, the net rent quote for lower-income groups has risen less steeply than for the social rented sector as a whole.

Looking at Table 6.3 and 6.4, it is clear that, in the social rented sector of all six countries investigated, the net housing expenditures have increased as a proportion of household income. The moderating effect of individual subsidisation on the increase in the gross rent quote has been stronger for lower-income groups than for the sector as a whole. Nonetheless, with the exception of Sweden, the net rent quotes have increased more sharply for the lower-income groups than for the sector as a whole.

6.5.3 Some consequences for the position of social landlords

The transition to a more market-oriented housing system implies that the position of the social rented sector – and particularly of the management of those dwellings – has been shifting in these six countries. One element of this transition is the decrease in object subsidies. Another is that the contract rents in the social rented sector have been (or are being) raised to the level of market rents (partly compensated for eligible households by individual rent subsidies). A side-effect of these measures is that tenants with a higher income were encouraged to take the step from renting to home-ownership.

While the concentration of low-income groups in the social rented sec-

tor is increasing, social landlords are expected to adopt a more business-like approach. A couple of countries (Sweden and Germany) have rescinded the special (fiscal) status of the sector. Additional measures include the requirement that an ever-increasing proportion of the costs has to be covered by rent receipts. Furthermore, the capital for investments needs to be borrowed on the capital market. And social landlords have to bear the risks of the operation of their stock. These developments force the management to adopt a market approach. Consequently, the social landlords have come to resemble their private-sector counterparts more and more, although they still have to serve social goals. These commitments lead to ever-expanding financial responsibilities. The question remains how they will operate when they are caught between the need to adopt market principles and the need to reconcile their market behaviour with the provision of a social good. The solutions may vary from country to country depending, among other things, on the extent of the (financial) room to manoeuvre.

6.6 The future of the social rented sector

It is hardly possible to present a definitive picture of how the social rented sector will look in the future in any one of the six countries being considered here, not to mention trying to depict the position of this sector from a comparative perspective. The preceding narrative has shown that, although there are a number of comparable trends in the development of the policy context, size and character of the social rented sector in the six West European countries, the differences are too great to be able to identify only one possible outcome.

On the hand, the (social) rented sector in a number of countries is losing ground to the home-ownership sector, and the concentration of low-income groups in the social rented sector has increased in all of the countries. On the other hand, there are also some countries where the proportion of social rented dwellings in the stock has stabilised or has even increased (again) and the social rented sector also provides housing for many households belonging to the middle-income groups.

We therefore discuss the possible development of the social rented sector in the six countries on the basis of the models distinguished by Harloe and Kemeny. Against that backdrop, we can then determine which scenario would be the most plausible in any given situation.

6.6.1 The residual dual market scenario

The first scenario is comparable to Harloe's residual model and Kemeny's dual model. A scenario such as this comes into play when (a combina-

tion of) developments in policy and the market lead to a predominant position of the owner-occupied sector in the housing market and social landlords are compelled to concentrate specifically on low-income households. The sector would then become a social safety-net for those households that are not capable of securing a dwelling elsewhere in the housing market. In fact, the sector might become entirely dependent on (household-focused) subsidies. Such a situation would prevent it, directly or indirectly, from functioning as a financially independent, market-based sector.

In spite of its reasonably large size – at least by European standards – the development of (parts of) the social rented sector in Great Britain over the past few decades seems to correspond to such a scenario. In Great Britain, home-ownership has become the norm. The rented sector is becoming more and more reserved for those households who cannot afford to purchase a dwelling. In this framework, the social rented sector is reserved for the weakest parties in the market: low-income groups, the elderly and the disabled (Boelhouwer and Van der Heijden, 1992: 169). Because of the massive sale of the social rented stock and the modest amount of new production, this sector has shrunk since 1980. It contains a fairly large – by international standards – and growing concentration of low-income groups. The rents have been pushed up substantially by the reductions in object subsidies. The rents have also been raised by the decision (which affects the local authorities) to cut the (financial) ties between the housing management and the General Rate Fund. As a result of these developments, almost 70% of the households in the social rented sector received support in the form of rent rebates in 1995 (Holmans and Whitehead, 1997: 39-40). Concerning low-income groups, the lion's share of the contract rent is being paid through individual (rent) subsidies. This widespread reliance on income-dependent subsidies discourages tenants from making any attempt to improve their income. In fact, it acts as a disincentive; any increase in income is immediately wiped out by deductions taken from their subsidy amount (a phenomenon known as the poverty trap).

As well as for Great Britain, this scenario is also plausible for Belgium. Traditionally, Belgium has had a sizeable owner-occupied sector and a very small social rented sector, in which the concentration of low-income groups is relatively high, combined with a private rental sector with (in practice) high insecurity of tenure and no availability of individual (rent) subsidies. Such a situation would prevent it, directly or indirectly, from functioning as a financially independent, market-based sector.

The following two scenarios are based on a situation whereby government policy is not directed exclusively towards the promotion of home-ownership and the demand for rented dwellings comes from various income-groups. These scenarios are mainly applicable to countries such as Germany, where the rental sector is large, and Sweden, where the government pursues a tenure-neutral policy. But also France and the Netherlands are likely to follow

these scenarios. In France, the proportion of social rented dwellings in the housing stock is (again) rising, and middle income groups are still well represented in this sector. The latter point also applies to the Netherlands, where there has been a (sharp) decline in the share of social rented dwellings in the stock, although for the time being the sector is still of considerable size.

6.6.2 The residual unitary market scenario

A situation may arise whereby the demand for rental dwellings comes from various income-groups and the social landlords can allocate units largely at their discretion. In that event, the landlords – who are subject to market mechanisms but have societal obligations too – may choose to take a market-oriented approach. This means they will focus on the more lucrative business of housing higher-income groups. But in so doing, they may compromise their social responsibility to provide housing for lower-income groups. Haloe (1994) has indicated that such a scenario might offer a realistic alternative for Germany. There, under the current subsidy regime, housing units are to be treated as social dwellings as long as they are supported by subsidies. Until 1990, social housing corporations enjoyed a special fiscal status. However, this advantage meant that they had to keep treating their property as social dwellings after the subsidies had expired. But in 1990, the special status was abandoned. From then on, the social landlords would be under the same regime as private-sector landlords. Harloe has suggested that this may cause a split in the social rented sector, whereby “a residualised sub-sector within social rented housing would be distinguished from a relatively small-scale sector which contains a wider socio-economic base” (Harloe, 1994: 353).

In Sweden, the non-profit rented sector is not required to operate according to specific social tasks. Nevertheless, its municipal housing corporations also enjoyed a special fiscal status, which was likewise abolished in the early 1990s. In an article on the future of the private rented sector in Sweden, Turner and Berger point out that “the great threat to private ownership of property comes from the new role of municipal housing companies. ... The municipalities are starting to place profit demands on the companies, while the company management and their board are becoming more professional. In conjunction with these greater demands for profit, the municipal companies’ social responsibility is being toned down. This may create the need for special municipal social housing in the future, but this is yet to be seen” (Turner and Berger, 1998: 295).

Ultimately, a development along those lines implies that social responsibility would be concentrated in a specific (though not yet circumscribed) sub-sector. That sub-sector would subsequently end up in a position comparable to the one sketched in the above scenario.

6.6.3 The unitary rental market scenario

This third scenario, largely based on Kemeny's unitary market model, combines social responsibilities with a market approach to housing provision – one in which the landlords would be financially independent, but the social rented sector would not become marginalised.

In such a scenario, the social rented sector would have to set its sights on serving a wider target-group, not exclusively catering to low-income households. By maintaining a differentiated housing stock and promoting a differentiated tenant profile, it might be possible to prevent the development of a marginalised and stigmatised sector. At the same time, differentiation along those lines would facilitate a more responsible management and investment strategy. That policy would be able to use instruments such as rent differentiation, rent pooling and the selective sale of dwellings as a form of asset management. The yields from the sales could then be used to control the need to increase rents and to improve the quality of the stock. Alternatively, the revenues might be used to make the required investment in new construction.

In this scenario, the social landlords would become active in a market in which the suppliers of owner-occupied and rented dwellings compete for the favour of the households. In such a market, the position of the social rented sector could be boosted by enlarging their scale of operation. That would offer the advantages of a wider range of supply and a more efficient management. Social (or non-profit) landlords may also improve their position by offering a range of services and assistance packages that are aimed at specific niches in the market. For instance, they might tailor their services and care provision to meet the specific needs of the elderly. Moreover, they may be able to market their current experience in management and maintenance to provide their services under contract to private landlords and homeowners. Finally, the direct involvement of the tenants in management activities may boost the appeal of the sector. In order to develop such activities, non-profit landlords would have to become proactive, market-oriented and, above all, customer-oriented. This requires substantial leeway to develop policy. Moreover, the government should maintain or develop a form of tenure-neutral policy instead of a policy that ties certain population or income-groups to specific tenures. To achieve the situation sketched here, the non-profit sector must be in a position to accommodate middle-income groups. But at the same time, low-income groups must be offered a range of choices in the housing market. Apart from the (subsidy) instruments to enable low-income households to enter homeownership, the promotion of tenures lying somewhere between renting and owning can also serve this purpose. Apart from the cooperative housing that is so popular (among middle-income groups) in Sweden, other countries (notably Great Britain and the Netherlands) have developed alternatives that offer low-income households the means – or at least the necessary

support – to enter the ranks of the home-owners. The social landlords have frequently played an important role in the development of such alternatives.

Countries such as the Netherlands, Sweden and possibly Germany and France are in a better starting position for the development of this scenario than Belgium or Great Britain. In the first set of countries, the balance between the various tenures is more even. Moreover, the concentration of low-income groups (although increasing) is not yet as strong. In the latter two countries, the social sector is very limited in size or has been under pressure for a long time.

6.7 Conclusions

For the time being, it is not clear which of the three scenarios will emerge in any of the six countries under discussion. One thing is clear, though. Alternatives to the residual dual scenario do exist, which means that a convergence of the social sector in that direction does not necessarily have to occur. In the end, their economic performance and the ensuing policy reactions on the part of the government will largely determine developments in the housing markets of those countries. These developments will also exert a strong effect on the position of the social rented sector. Economic policy and social policy will weigh at least as strongly as the decisions on housing policy. The trends in employment, the growth of personal incomes and the distribution of that growth across different groups, and welfare arrangements shape the context of housing policy. Thus, these situations have a strong influence on the position of the various sectors in the housing market. For a number of West European countries, the idea of a shift in the direction of the first scenario does not seem too far-fetched. It might even be likely, given current trends in the size and shape of the social rented sector. If this scenario proves to be undesirable, action will have to be taken in a field much wider than housing alone in order to turn the tide.

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7 Competition and non-profits in an integrated rental market

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Abstract

The creation of full competition between non-profit and for-profit providers of rental housing is a much debated theme within the European Union. Kemeny's theory of the dynamics of rental markets may be of relevance here because in this theory he defines an integrated rental market with full competition between non-profit and for-profit landlords without special responsibilities or government protection for non-profits (Kemeny, 1995; Kemeny *et al.*, 2005). This contribution analyses whether such an integrated rental market is viable and whether it is a solution for the housing of the most vulnerable groups in the housing market. It concludes that, although (non-profits in) an integrated rental market might be viable, sufficient supply of housing for vulnerable groups cannot be guaranteed. Finally we present an alternative model that is also based on full competition but with a segmented market and with direct government responsibility for supplying housing for vulnerable groups; a contract model, which could be labeled as an integrated dual rental market. Although this alternative model will be 'Europe proof' in the sense that it will satisfy the European competition authorities, it might have disadvantages opposed to the current unitary rental market in several European countries.

7.1 Introduction

Competition between non-profit 'social' housing and for-profit 'private' housing in rental markets is a much debated theme within the European Union (Priemus, 2008; Tasan-Kok *et al.*, 2011). European policy is directed towards the creation of a level playing field with full competition between the two types of rental housing providers. State aid has to be restricted to the provision of housing to specific target groups as 'services of general economic interest' (SGEI) (Elsinga *et al.*, 2008). Since Kemeny's theory of the dynamics of rental systems is based on different degrees of competition between non-profit and for-profit providers of rental housing, it is obviously beneficial to have a closer look at Kemeny's work to see what his theory tells us about (full) competition in rental markets.

Kemeny (1995) and Kemeny *et al.* (2005) use the degree of competition between non-profit housing and for-profit housing and comes to a distinction between dual and (integrated) unitary rental systems. In a dual rental market there is no competition between non-profit rental housing and profit rental housing whereas the unitary and integrated rental markets are characterized by direct competition between the two sectors. Kemeny considers the inte-

grated rental market as the end state of the development of a unitary rental market (Kemeny *et al.*, 2005). In an integrated unitary rental market non-profit rental housing can compete with profit rental housing effectively without the need for invasive regulation or being given either special protection or special responsibilities. Because of the competition between non-profit and profit landlords, an integrated rental market leads to lower rents and less marginalization with a minimum of government involvement. This seems an attractive prospect for European policy but it also poses questions. Can and will non-profit landlords fulfil this role? In other words, is the integrated rental market viable in the long term? And if so, will the integrated rental market provide housing for vulnerable groups in the housing market? These questions will be dealt with in this contribution. Because the integrated rental market does not exist (yet), empirical data are not available and the analysis has the character of a theoretical examination. Although Kemeny's theory of rental markets originates from (a constructivist elaboration of) labour movement theory, the integrated rental market model is based on competition. And since the notion of competition is an economic concept, we primarily use economic theories including theories of non-profit organisations, but also institutional organisation theory.

We first present Kemeny's theory and the different rental market models he distinguishes in Section 7.2. In Section 7.3 we explore the viability of independent non-profit organizations without special tasks or responsibilities in an integrated rental market. The central question in Section 7.4 is whether (non-profits in) an integrated rental market will supply housing for the most vulnerable groups. We then take a look beyond Kemeny's integrated rental market in Section 7.5, before we come to some conclusions in Section 7.6.

7.2 Kemeny's theory of rental markets

Kemeny (1992) places housing developments in the context of the development of the social structure of a society and stresses the role of ideological factors. According to Kemeny, the ideological character of the social structure of a society is expressed by the degree of collectivism or privatism. Kemeny has developed his divergence approach further for the rental sector (Kemeny, 1995), where he translates the collectivism-privatism continuum of the social structure into a distinction between unitary and dual rental systems.

7.2.1 Dual rental markets

Dual systems arise from a profit market policy strategy and are based on the avoidance of direct competition between renting for-profit and (non-profit) cost rental housing. Here non-profit renting is separated from the private

Table 7.1 Features of dual, unitary and integrated rental markets

	Dual rental market	Unitary rental market	Integrated rental market
Function of non-profit rental sector	Safety net with a strong concentration on low incomes.	Housing for broad layers of population.	Housing for broad layers of population.
Competition between non-profits and for-profit landlords	No competition between non-profit and for profit landlords.	Competition with positive discrimination of immature non-profit landlords.	Full competition: level playing field without special tasks or responsibilities for mature non-profit landlords.
Rent regulation and rent levels	Rent control in non-profit rental sector. Market rents in for profit rental sector.	For non-profit and for profit landlords: -market sensitive rent regulation -market-dependent rent differentiation, at a level that is lower than the market rent.	For non-profit and for profit landlords: -market rents for new contracts, rents regulated for sitting tenants -market-dependent rent differentiation, at a level that is lower than the market rent.
Allocation	Non-profit rental sector: means tested allocation. For profit rental sector: allocation by the price mechanism.	Eligibility rules for subsidized (non-profit and/or for profit) housing. Unsubsidized housing: allocation by the price mechanism.	Non-profit and for profit rental sector: allocation by the price mechanism.

Sources: table derived from Kemeny (1995) and Kemeny *et al.*, 2005

rental market by the government and is used as a safety net (see Table 7.1) in the form of a strongly controlled public rental sector. This model which, according to Kemeny occurs in many Anglo-Saxon countries, leads the government to take up the responsibility for a total sub sector of the rental market. Because access to the public rental sector is restricted to households with a low income and many households do not find the profit rental sector with high rents and limited rental protection attractive, demand is steered strongly towards the owner-occupied sector (Kemeny, 1995: 53).

7.2.2 Towards unitary rental markets

According to Kemeny (1995) unitary rental systems come from a social market rental strategy and are oriented towards direct competition between profit renting and non-profit renting. The non-profit rental sector in such systems is not exclusively directed to the low income groups (see Table 7.1). And commercial landlords in unitary rental systems are often eligible for subsidies coupled to minimum demands with respect to rent protection and rent levels. Part of the social market rental strategy is to create a level playing field between the tenures in which renting is not penalized and neither is owner occupation favored. Under these circumstances the balance between the tenures is determined by household demand rather than by government fiat (Kemeny, 1995: 19). The consequence according to Kemeny (1995: 143) is that there will be no uniform tendency towards marginalization in unitary rental markets.

The concept of maturation is central to Kemeny's theory. The point of departure here is that non-profit organizations, unlike commercial ones, work on a cost-price basis: since non-profit providers generally do not require a market return on their equity, their financing costs are lower when debt rep-

resents a smaller proportion of the market value of the property, i.e., when the ratio of equity to market value is higher (Kemeny *et al.*, 2005). According to Kemeny *et al.* (2005) this ratio measures the solidity of the rental organization. The maturation process means that solidity increases over time, both through amortization of the debt and appreciation of market values.¹

Thus according to Kemeny the degree of maturation determines the competitive position of the social (non-profit) rental sector on the housing market, since non-profit providers with a high level of maturation can translate their willingness to accept a lower return on their relatively large equity into lower-than-market rents. Where demand-sensitive rent pooling is in effect, maturation will be manifest in rent levels that shadow those of a profit rental market (see Tabel 7.1). If foregoing profit allows non-profit organizations to offer cheaper housing than profit landlords, they will attract more renters, forcing the profit landlords to lower their rents. According to Kemeny *et al.* (2005: 858) the non-profit sector may also offer better quality dwellings and greater security of tenure, which could force the profit sector to match the offer, thereby reducing the need for regulation.

Non-profit renting was relatively immature for a long time: in most countries, it did not grow strongly until the 1960s and 1970s, and was often subject to long average loan terms. According to Kemeny, subsidies (which contribute to the maturation process) and rent regulation² play an important role in reinforcing the position of non-profit providers in such situations. This 'positive discrimination' is necessary to encourage the emergence of a non-profit sector while its housing stock is immature so that it can become sufficiently established to compete with profit renting (Kemeny, 1995: 164).

7.2.3 From unitary to integrated rental markets

When the course of the maturation process in non-profit renting reaches a point at which the sector can compete strongly with other forms of housing, subsidies can be phased out and rents can be deregulated. In other words, the positive discrimination of non-profit renting can be ended and the unitary rental market can develop into an integrated rental market (Kemeny *et al.*, 2005). According to Kemeny *et al.* (2005) the integrated rental market must be seen as the end result of a social market policy that starts with a unitary rental market.

¹ Kemeny (1995: 44-45) is aware of the fact that new construction, acquisition and renovation will slow down the maturation process.

² In our view, rent regulation only makes an indirect contribution to reinforcing the competitive position of non-profit providers, since the use of this instrument to prevent (market) rents from rising to politically unacceptable levels makes it less attractive for profit landlords to invest in rental housing.

An integrated market is characterized by a large and mature non-profit sector that can supply adequate housing to low income families and affordable housing throughout the business cycle (Kemeny *et al.*, 2005: 859). Such a non-profit rental sector is sufficiently developed so that it is able to compete effectively with profit renting without the need for invasive regulation or being given either special protection or special responsibilities (*ibid.*: 856). Another important characteristic of the integrated rental market is that there is no market segmentation (*ibid.*: 860). In our opinion this means that all rental dwellings are allocated by the same allocation mechanism. If there is a different allocation mechanism for different parts of the rental market, segregation is inevitable. Although Kemeny *et al.* (2005) do not say anything about the allocation mechanism in an integrated rental market explicitly, it seems that in this rental market dwellings are indeed allocated by one allocation mechanism; the price mechanism (see Table 7.1): “As integration proceeds, rent control is phased out in favor of ... regulation that allows full market rents to come into play when rental housing is vacated but that still provides protection from full market rents to sitting tenants” (Kemeny *et al.*, 2005: 859).

7.2.4 Questions about Kemeny’s integrated rental market

The distinction between dual and unitary/integrated rental markets is central in Kemeny’s work. The main difference between these models is the degree of competition between tenures. Dualist rental systems are based on the avoidance of direct competition between profit renting and non-profit rental housing and unitary/integrated rental systems are oriented towards direct competition between renting for profit and non-profit renting. The main difference between unitary and integrated rental markets is the role of government, who protects the immature non-profit sector in a unitary market and creates a level playing field when the non-profit sector is mature. Mature non-profits are competitive because they translate their willingness to accept a lower return on their relatively large equity into below market rents.

The development from a unitary to an integrated rental market has at least two important implications. First, the non-profit sector has to compete with the profit rental sector on a level playing field, without protection or ‘positive discrimination’ by government. The question is whether such an independent non-profit sector is viable in the long run?

Second, the non-profit sector does not have special tasks or responsibilities in an integrated rental market. This means that the task that non-profit organizations in most countries have with regard to the supply of housing to vulnerable households, will disappear. Can and will such an integrated rental market supply housing to vulnerable groups on the housing market? These questions will be discussed in the next sections.

Table 7.2 Categorization of non-profit firms

	Mutual governance	Entrepreneurial governance
Donative	-	-
Commercial	-	-

Sources: Steinberg (2003), based on Hansmann, 1987

7.3 The viability of (non-profits in) an integrated rental market?

In order to be able to answer the question about the viability of non-profits in an integrated rental market it helps to know more about the characteristics and origins of these non-profit organizations. A short introduction is provided in subsection 7.3.1. We then analyze the viability of cost rent as a guiding principle for non-profits in subsection 7.3.2. In subsection 7.3.3 we look at the future prospects of independent non-profits without special government regulation with the help of institutional organization theory.

7.3.1 Non-profits: definition and categorization

Kemeny defines non-profit rental housing as housing provided at rent levels designed to cover costs and any surplus made is ploughed back (Kemeny *et al.*, 2005: 857). This means that a non-profit organization will not distribute any profits it makes to its owners, members or other associated parties (Steinberg, 2003). Authors such as Hansmann (1987) speak of a non-distribution constraint in this connection. According to this view, the main difference between a non-profit and a for-profit organization is that the parties who are in control cannot withdraw funds from a non-profit organization. This definition excludes any form of cooperative ownership bringing benefits to its owners. Within this definition non-profits come in various shapes and sizes. A subdivision based on two important dimensions of non-profits, finance and governance, is shown in Table 7.2 (Steinberg, 2003).

The financing dimension distinguishes between resources mainly donated and resources mainly of commercial origin. In the first case the donor pays (in time or money) for the goods and services for the target group and in the second case the target group (the customer) pays for the goods and services. The governance dimension distinguishes between mutual and entrepreneurial non-profits. In the case of mutual governance the power to elect the board of governors lies in the hands of donors or customers whereas in the case of entrepreneurial governance it lies in the hands of the management (Glaeser, 2002). Within this subdivision, the mature non-profit rental organizations in Kemeny's integrated rental market resemble the commercial entrepreneurial firms.

7.3.2 Can cost rent be a viable guiding principle?

Kemeny (1995), Kemeny *et al.*, 2005) assumes that "maturation" enables non-profits to set rents lower than the market price. He also assumes that these organizations use the return on their equity to lower rents. Kemeny assumes

that the cost price is by definition lower than the market price since non-profit organizations have a non-distribution constraint and they do not have to gain profit for the shareholders. But why should independent non-profits without a special task or responsibility set rents at cost price and is their cost price lower than the market price?

What makes commercial entrepreneurial non-profit organisations set rents at cost price? Why should they base the rent on historic costs and give away the opportunity cost of own equity? After all, in an integrated rental market non-profit organizations have no special responsibility. Moreover, when non-profit organizations do not seek a return on the equity capital employed (cost price rents reflect only the cost of servicing debt, not the opportunity cost of capital) they deploy capital inefficiently. From an economic perspective this is irrational behaviour leading to a loss in welfare to society. In a market system this non-rewarded capital would either seek a reward in housing (rents would be higher) or it would be re-deployed outside of housing (housing supply would fall). The desire to exploit this unrewarded equity capital is a reason why non-profits that charge the sort of cost price rents that Kemeny describes may be a target, if the rules allow, for takeovers.

This comes about, when profits which according to neoclassical economics are seen as a signal to entrepreneurs to modify their production are not maximized (Clarkson and LeRoy Miller, 1983). The theory further predicts that if companies choose to maximize other parameters (e.g. sales) than profits, their net present value (the discounted profits) will not be maximized. They would become an attractive target for takeover by other (potential) owners who do aim at profit maximization. So, unless non-profit suppliers are protected in some way, they will be taken over by commercial suppliers. Such protection could come from the legal form of the organization and national legislation that combine to prevent commercial acquisition. Thus the non-profit enterprise might be a foundation or a trust whose assets cannot legally be acquired by external parties. Alternatively, it might come from the attitude of the owners or managers of the non-profit enterprise who decide that they are not interested in (maximizing) financial gain. As non-profit organizations are not aiming for profit maximization they may adopt an alternative strategy that is known as satisficing behavior: the firm “sets for itself a minimum standard of performance a satisfactory rate of profit; presumably, once this rate of profit is obtained, the firm will slack off” (Clarkson and LeRoy Miller, 1983: 36; Simon, 1959). If such a strategy does not entail a consistent effort to minimize costs, it is not viable in the long term because of the ‘internal slack’ in the organization (ibid).

Hansmann (1987) asserts that there will always be slack in non-profit organizations. They will always have greater productive inefficiency than for-profit organizations and thus will be more expensive. If this were not the case, claims Hansmann, there would be a much larger number of successful

non-profits in more sectors than there are now (see Ben-Ner and Gui, 2003). So it is questionable whether satisficing behavior is sustainable in the sense that the lower return on equity is enough to compensate for the higher costs of the non-profit in the long run. If not, the productive inefficiency becomes a competitive disadvantage for non-profits, because their cost price is higher than the cost price of their for-profit competitors.

But even with a higher cost price than their for-profit competitors, non-profits could survive because of the asymmetry of information (Handy, 1997; see also Hansmann, 1987) or the trustworthy argument (Anheier and Ben-Ner (eds.), 2003, p. ix/x). The asymmetrical information situation may arise e.g. when the consumer is hampered in his observation of the input needed to produce a given good or service, while the producer or supplier does have the necessary information. The supplier of the outputs in question is then in a position to defraud or otherwise mislead the consumer. This is also known as the contract failure theory (Hansmann, 1987; Anheier and Ben-Ner, 2003; Handy, 1997, Kingma, 2003). According to Hansmann (1987) contract failure theory basically regards the non-profit organization as an answer to agency problems, a concept taken from the principal-agent model in neo-institutional economics (Williamson, 1979). In the case of complex products such as housing, the purchaser of products or services is referred to as the principal while the company supplying them is the agent. Because of the non-distribution constraint the principal will regard the non-profit organization as a trustworthy agent that will not fail the contract. Consumers are prepared to pay a higher price to the non-profit organization in return for the increased confidence that the quality of the goods or services supplied meets the terms agreed upon in the contract. Malani *et al.* (2003) speak of the non-contractibility quality theory. The advantage of non-profit entities lies in the weak incentives that follow from the non-distribution constraint. Their unique selling point, which can also be regarded as their competitive advantage, is to provide high-quality goods instead of skimping on quality. This will enable the non-profit organization to charge higher prices.

Conclusion

On the basis of the literature consulted, setting cost price rents is not per definition a competitive advantage for non-profits. Only when the lower return on equity is enough to compensate for the higher costs of the non-profits because of productive inefficiency and non-contractible quality, and if they are protected against a takeover, their cost price can be lower than the market price in the long run. But even with a higher cost price the asymmetry of information or trustworthy argument gives them a unique selling point. The question is whether or under what conditions this competitive advantage is sustainable.

7.3.3 Trust: the unique selling point of non-profits

More than lower prices, the asymmetry of information or the trustworthy argument may be considered as the competitive advantage for non-profits. But is this competitive advantage sustainable in the long run? Three possible threats are discussed in this Section: Clearing up of information asymmetry, isomorphism and the disappearance of trust.

Clearing up of information asymmetry

The competitive advantage of non-profits can be at risk if the information asymmetry is cleared up. It appears reasonable to believe that if consumers get full information about the quality of goods or services provided by for-profit organizations, their confidence in these organizations may be restored after a certain time lag (see e.g. Handy, 1997). The competitive advantage that non-profit organizations had in this respect would then be gone. But consumer tastes are heterogeneous and a group of consumers might keep on receiving utility from what they perceive to be a non-contractible product or quality of service (Glaeser and Schleifer, 2001). Put even stronger, housing services may be regarded as such a complex good that it seems unlikely that the competitive advantage will disappear completely.

Isomorphism

An explanation for the disappearance of the trust advantage of non-profits above for-profits may be found by consulting DiMaggio and Powell (1983; see also Hupe and Meijs, 2001), who argue on the basis of sociological and institutional organization theory that organizational forms tend to converge in the long term. DiMaggio and Powell follow Hawley (1968) in calling the process that leads to an increasing resemblance in structure, culture and output between different organizational types isomorphism: when exposed to the same conditions, each member of a given population (in the present case, each organizational type) will come to resemble the other members of the population. More specifically, the basis for institutional isomorphism is the idea that other organizations determine via learning the way an organization behaves or adapts. Hupe and Meijs (2001) mention the fact that organizations subjected to market allocation mechanisms will tend to react in similar ways. Organizations exposed to uncertainties will tend to imitate other organizations that have been successful in coping with this issue. This also tends to reduce the differences between organizational types.

While isomorphism means that organizations will in the long term tend to resemble one another in structure, culture and output, this does not tell us whether for-profit organizations are likely to change to be more like non-profit organizations or vice versa. However, if we assume that for-profit organizations are bound to react to market forces, it seems hardly conceivable that

they would change so as to resemble their non-profit counterparts. They would only do that if it yielded benefits for them. Change in the reverse direction thus seems more likely: non-profit organizations may come to behave more like for-profit organizations, if they are more exposed to market forces. So in the extreme case, a non-profit organization (i.e. an organization subject to a non-distribution constraint) could in due course no longer be distinguishable from a for-profit organization. The advantage based on information asymmetry then has disappeared.

Disappearance of trust

Is the simple fact of being a non-profit organization (with a non-distribution constraint) enough to solve information asymmetries between transacting actors and thus to be trustworthy. Prakash and Gugerty (2010) argue that this is not the case. According to them non-profits are also susceptible of accountability problems. The non-distribution constraint may not fully prevent opportunistic behaviour of non-profit managers as it provides only a 'negative' protection against potential malfeasance rather than providing positive incentives for managerial performance (Ben-Ner and Gui, 2003). And "...agency problems afflicting non-profits range from outright fraud to managerial incompetence. Eventually, the scandals caused by these problems are likely to damage the reputations of all non-profits because they demonstrate that the non-distribution constraint by itself cannot curb agency slippages" (Prakash and Gugerty, 2010: 27-28). They suggest that monitoring and reporting requirements in clubs (Buchanan, 1965) can enhance the credibility of non-profits by providing information about adherence to standards. They see voluntary accountability clubs as a mechanism for non-profits to signal their commitment to outside actors to mitigate agency issues. Agency slippages will be lowest in clubs that feature stringent standards and significant enforcement, such as third-party certification mechanisms.

Conclusion

Information asymmetry or the trustworthy argument as the competitive advantage of non-profits is not self-evident in the long run. Although the chances of clearing up of information asymmetry cannot be considered big, isomorphism and the disappearance of trust can be considered serious threats for the viability of non-profit organizations in an integrated rental market. Voluntary accountability clubs with high standards and significant enforcement could provide a solution for the disappearance of trust as a result of agency slippages. If these three threats to the competitive advantage of non-profits can be avoided, an integrated rental market with for-profit organizations competing with independent non-profit organizations without special responsibilities or government protection might be viable. But will this market supply housing for vulnerable groups?

7.4 Will (non-profits in) an integrated rental market supply housing for vulnerable groups?

So far we discussed the viability of independent non-profits in an integrated rental market without referring to the task of housing vulnerable groups on the housing market. So the question we deal with in this section is whether an integrated rental market will provide housing for those vulnerable groups.

According to Kemeny *et al.* (2005) non-profit rental suppliers will influence the rental market. This will result in lower prices in the commercial rental market and maybe even in the owner occupied market. Moreover, the non-profit sector may also offer better quality dwellings and better security of tenure which would force the profit sector to match the offer, thereby reducing the need for regulation. In an integrated market non-profit rental organisations are sufficiently developed and established in a unitary rental market so that they are able to compete effectively with profit rental without the need for invasive regulation or being given either social protection or special responsibilities. The conclusion is that a mature non-profit housing sector can supply adequate housing to low income households and affordable housing throughout the business cycle (Kemeny *et al.*, 2005).

However, Kemeny assumes that in an integrated rental market non-profits will deliver adequate housing for low income households. In subsection 7.3.2 we showed that it is highly questionable whether non-profits in an integrated rental market will be able to set rents below the market price in the long run. But even if they succeed, a non-profit sector with below market rents will attract more demand than other sectors. The result will be an excess demand for such rental dwellings. After all, if there is a housing market where the market price is the generally accepted allocation mechanism, there will be competition among those searching for a rental dwelling. Most probably those bidding the highest price or those with the best skills in searching and competing will win this competition. There is a big chance that the most vulnerable groups in the market will lose the competition in this market. Without an allocation system that allocates dwellings according to need, there is no guarantee that those who need an affordable dwelling most, will succeed in getting one.

Thus, in the integrated rental market there is a high risk of over demand for non-profit rental dwellings and a risk that those who need the dwellings most, will not get them. The question is whether non-profit organisations will make an attempt to serve this group. After all, they have to compete with the commercial rental sector and they have no special responsibilities. Within a competitive environment, discrimination of customers with a high (non-payment) risk profile is seen in several studies to be one of the reasons for governments to intervene in the housing market (Stefanski and De

Bouter, 2005; Hof *et al.*, 2006). In these studies this problem is considered a redistribution problem that can be solved by compulsory acceptance of tenants by landlords. But this will only solve the problem when a landlord has sufficient dwellings. Otherwise tenants with a high risk profile will end up on the waiting list (Stefanski and De Bouter, 2005). Another possible solution that is proposed is a form of income redistribution like housing allowances. But will housing allowances solve the problem of the discrimination of customers with a high risk profile?

Discrimination of high risk applicants for mortgages is well known in the owner occupied sector (Aalbers, 2008). But it is also a rather common practise in the for-profit rental sector in several countries. In England, 20% of the for-profit landlords does not accept tenants who receive housing allowances (Department for Work and Pensions, 2006) and in Flanders (a Belgian Region), 40% of the for-profit landlords do not accept tenants with a 'rent payment guarantee' from the Flemish government (Vandenbroucke *et al.*, 2007: 40). So, even tenants with housing allowances or a government guarantee, instruments that should give them enough ability to pay and that should prevent exclusion, are excluded by for-profit landlords. Maybe the risk profile of potential tenants is in practise defined broader than just the non-payment risk. Not only in the for-profit sector but also in the non-profit rental sector, exclusion of high risk tenants occurs. Turner and Berger (1998) observe that since the Swedish municipalities place profit demands on their housing companies, the social responsibility of these companies who are not required to operate according to specific social tasks is toned down (also see Lindencrona, 1994). Turner and Berger conclude that this may create the need for special social housing in the future. Following this line of reasoning, discrimination of tenants with a high risk profile by non-profit and for-profit landlords in an integrated rental market could lead to the introduction of a 'new' social housing sector. In fact this could mean the creation of a dual rental market.

In our opinion the only way to explain why independent non-profits set their rents below market rent and supply also the more vulnerable households in an integrated market is when a social task is defined: The task to supply more housing services than the market delivers (Maclennan and More, 1997). These housing services will only be available for low income families when, at least for a part of the housing market, allocation by the price mechanism is replaced by allocation by need. This social task could be set and paid for either by government and legitimized by the electorate or by those who support non-profits.

Conclusion

In an integrated rental market without an allocation mechanism that allocates dwellings according to need, there is no guarantee for an adequate supply of housing for vulnerable groups. Within a competitive environment, dis-

crimination of tenants with a high risk profile, even if they are eligible for housing allowances, can create the need for the introduction of a 'new' social housing sector for housing vulnerable groups. To avoid discrimination of high risk tenants a social task should be defined by government and, at least for a part of the housing market, allocation by the price mechanism should be replaced by allocation by need.

7.5 Beyond Kemeny's integrated rental market

The analysis presented in Sections 7.2 and 7.3 show that the viability of non-profits in an integrated rental market in the long term is questionable. And if non-profits succeed, this will not guarantee that vulnerable groups will be adequately housed, even if housing allowances are available. In our opinion the only way a housing system will supply housing also to the most vulnerable groups is when a social task is defined and, at least for a part of the housing market, allocation by the price mechanism is replaced by allocation by need. What does this mean for Kemeny's theory of rental markets? In our opinion the integrated rental market is not a sustainable end stage of the development of a unitary rental market. But does that mean that the dual rental market is the only future option for housing systems? We do not think so. At the end of this section we present an 'alternative' for the integrated rental market that is also based on full competition between non-profits and for-profit suppliers: the integrated dual rental market. Since competition is central in Kemeny's work, but he does not explore the meaning of competition in depth, we come to this alternative by using a competitive framework we have developed in earlier work (Haffner *et al.*, 2009).

7.5.1 Competition and rental markets

Based on neoclassical economic theory in previous work we have used the concept of competition to examine the operation of the social rented sector and the relationship between the social and market rented sectors (Elsinga *et al.*, 2007; Oxley *et al.*, 2008; Haffner *et al.*, 2008; 2009). Whereas Kemeny considers competition only from the point of view of housing providers, we consider it also from the viewpoint of consumers. We have drawn on the ideas of substitutability and rivalry that are the key ingredients of a competitive situation. From the consumer's perspective, the degree of substitutability is important. Consumers must face real choices (Vickers, 1995). From a competitive supplier's viewpoint, organizations are rivals for customers. Competitive organizations do, furthermore, make decisions that take account of the potential risks and rewards associated with their actions. Competition is characterized by rivalry, risks and rewards for suppliers and choice for substitutable options by

consumers (Stigler, 1972).

Applying the concept to social housing, there are two distinctive types of competition that can be identified. They are: competition within social rented housing and between market and social rented housing. The terminology used here is different from the terminology Kemeny uses (non-profit housing versus for-profit housing) because in Kemeny's integrated rental market the non-profit sector does not have any special (social) tasks or responsibilities. The main difference between social housing and market housing in our framework is the allocation system that is based on need in the social sector and on price in the market sector. We start with the 'traditional' division between social and market renting but finally switch to Kemeny's non-profits and for-profits.

From the consumer's point of view there will be more competition in social housing if they have more choice and if this choice is for good substitutes. More suppliers in an area are likely to mean more rivalry. More suppliers will alter the structure of social housing supply and potentially create a more competitive situation in which more substitutability is possible. If suppliers face the risk that poor performance will result in them losing customers or financial support this contributes to competition between suppliers.

Competition between social and market housing might seem impossible because there are different products allocated by different means. The two types of housing are thus separate and there is no substitutability between them and no rivalry between competing suppliers. However, the argument is different once we examine the housing price/quality bundles that consumers are prepared to consider and the variety of price/quantity bundles that the market and social suppliers offer. What consumers are prepared to consider is likely to be significantly influenced by their incomes. If social housing provision covers a wide range of price/quality bundles, rather than, for instance, being confined only to minimum acceptable quality/low rent housing, and is, furthermore, available to households on a wide range of incomes, the possibility of competition is much greater than if it is more narrowly prescribed. Several specifics of subsidy and allocation systems will influence the relative attractiveness of housing offers. The allocation system in particular will determine whether only a very limited number of households are able to access social housing or whether social housing is available to a large section of the population. Allocation is thus crucial to determining the degree of substitutability that is possible.

In Table 7.3 an open allocation system is contrasted with a restrictive allocation system for social housing. In the former, that corresponds with a unitary model of rental provision, a wide range and a large number of households are eligible for social housing. In the latter, like in the dual rental model, social housing is confined to the most needy and the lowest income households. With an open allocation system there is a strong possibility of a

Table 7.3 Competitive relationship between sectors

	Open allocation (Unitary/Integrated?)	Restrictive allocation (Dualist?)
Substitutability (consumer)	Full competition possible	No competition unless there are many suppliers and lots of choice for social housing tenants
Rivalry (supplier)	Full competition possible	Competition possible if there are many suppliers of social housing (which could be profit or non-profit or both)

high level of substitutability for households and a large amount of rivalry for suppliers. The probability of competition is thus high with an open allocation system. With a restrictive allocation system competition can be high or low depending on the number of suppliers, the amount and types of housing on offer and the degree of choice that is available to households who are allocated social housing.

7.5.2 Beyond the integrated rental market: the integrated dual rental market

Whilst traditionally the supply side of social housing might have been dominated by monopoly suppliers in some countries, it is quite possible for there to be a multiplicity of suppliers who might be non-profits or for-profit organizations. Both types of organizations might supply social housing under a contract system in which they agree to supply housing below certain rent levels to households below certain income levels in return for a subsidy of some sort. Thus the segregation of the customer base as a result of a restrictive allocation system does not necessarily mean a segregation of the type of suppliers. The situation is complicated by the possibility that firms that are formally registered as housing associations, and for the purposes of some classifications might be deemed to be in the non-profit sector, may in practice supply housing at market rents that competes with dwellings supplied by firms that are squarely in the market sector. A restrictive allocation system that underpins a dualist system could thus be quite compatible with a high degree of competition between firms that are competing to supply social housing.

If social housing is designed to allocate housing to those in need, who have no access to market housing of an acceptable standard, some segregation of the market and thus arguably a dualist system is inevitable. The allocation system is thus the key to whether consumers are able to substitute between non-profit and for-profit housing and it is the key to whether housing providers have access to a segregated customer base or whether they are able to house a wide spectrum of tenants. However, even if the customer base is segregated, competition for access to that limited group of customers can be promoted by governments who are willing to use a contract approach to provision (MacLennan and More, 1997). Competition can be promoted between organizations, whatever their legal status, by a contract approach to the selection of social housing suppliers. The German situation, for example, was characterized for many years by both profit and non-profit suppliers having access to object subsidies that allowed provision at sub-market rents to households on limited incomes. Since 2004, private contractors as well as

non-profit housing associations in England have been able to bid for public subsidies to provide social housing.

Using Kemeny's terminology, we could characterize this model as an integrated dual rental market. It is a dual market in the sense that it is segmented: a social segment where allocation is based on need and a market segment where price is the allocation mechanism. At the same time it is an integrated rental market because neither non-profit providers nor for-profit providers have special tasks or responsibilities and full competition between non-profit and for-profit landlords is possible in both segments of the rental market. Finally, there is no need for special protection or positive discrimination by government for any one of the two types of providers. However, government involvement is essential for this model. This could consist of subsidies as a tradeoff for providing a social task; supplying adequate housing for vulnerable groups in the housing market without discrimination of tenants with a high risk profile. At the end, governments decide on the degree of substitutability or choice these groups have.

7.6 Conclusions

The creation of full competition between non-profit and for-profit providers of rental housing is a much debated theme within the European Union. Kemeny's theory of the dynamics of rental markets may be of relevance here because this theory defines an integrated rental market with full competition between non-profit and for-profit landlords without special responsibilities or government protection for non-profit suppliers (Kemeny, 1995; 2005). In this paper we analyzed whether such an integrated rental market is viable in the long term. And if so, whether this integrated rental market will provide housing for vulnerable groups in the housing market? Because the integrated rental market does not exist anywhere (yet) the analysis has the character of a theoretical examination.

Regarding the viability of (non-profit organizations in) an integrated rental market we concluded that, although the cost price of non-profits is not necessarily lower than the market price, non-profits might be able to survive without government protection because of the asymmetry of information or trustworthy argument, which gives them a unique selling point. But this competitive advantage of non-profits is not self-evident in the long run. Three possible threats are the clearing up of information asymmetry, isomorphism and the disappearance of trust. And although the chances of clearing up of information asymmetry are not big, isomorphism and the disappearance of trust can be considered serious threats for the viability of non-profit organizations in an integrated rental market. Voluntary accountability clubs with high standards and significant enforcement could provide a solution here.

But will this market supply housing for vulnerable groups? We concluded that in an integrated rental market without an allocation mechanism that allocates dwellings according to need, there is no guarantee of an adequate supply of housing for vulnerable groups. Within a competitive environment, discrimination of tenants with a high risk profile, even if they are eligible for housing allowances, seems to be a realistic option. Discrimination of tenants with a high risk profile can only be avoided if a social task is defined by government and, at least for a part of the housing market, allocation by the price mechanism is replaced by allocation by need. From a theoretical point of view this can be combined with full competition between non-profits and for-profit providers in a contract model to the selection of social housing suppliers, who might be non-profits or for-profit organizations. Government subsidies can be used in such a model as a tradeoff for providing a social task: supplying housing for vulnerable groups without discrimination of tenants with a high risk profile. In this model government decides on the degree of substitutability or choice these groups have in the housing market. Using Kemeny's terminology, we could characterize this model as an integrated dual rental market. It is a dual market in the sense that it is segregated into a social segment where allocation is based on need and a market segment where price is the allocation mechanism. It is an integrated market because neither non-profits nor for-profit suppliers have special tasks or responsibilities beyond their contract and there is full competition between the two types of suppliers in both segments of the rental market. Although government involvement is essential in this model, there is no need for special protection or positive discrimination by government for any one of the two types of suppliers.

Although this contract model will be 'Europe proof' because it is built on full competition throughout the rental market, governments may not choose this model but instead assign the 'social task' of providing housing for vulnerable groups to (the existing) non-profit organizations. This might be because there is a high degree of path-dependency involved in housing policy (Kleinman, 1996) and replacing the current framework of social housing provision by introducing this contract model will in many countries mean a rather drastic reorganization of the rental market including the existing institutional framework. Although in several European countries (England, Belgium, Ireland) there are small scale government supported initiatives that result in social housing being supplied by for-profit landlords (Haffner et al., 2009), the intention of these initiatives is not to replace the existing framework of social housing provision. Another reason might be a deliberate choice of governments for non-profits as suppliers of social housing because of the non-contractible quality of housing and the trustworthy argument of not having to maximize profits, at least, when inefficiencies and agency slippages can be limited by government regulation and by initiatives of the non-profit sector like voluntary accountability clubs.

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8 Threats to the Dutch unitary rental market

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Abstract

Social rental housing has once again captured a strong position on the Dutch political agenda. This has happened especially since the European Commission sent a letter to the Dutch government indicating that the Dutch social rental sector was not considered EU-proof from the viewpoint of the European Union's competition policy. The letter coincided with criticisms from Dutch politicians that housing associations had not been performing well enough for some time, given their abundant resources. However, in an international context, the Dutch social rental sector is often regarded as a good system for providing affordable housing to those who need it, without the sector being marginalized and stigmatized. Jim Kemeny has classified this market as one in which the social rental sector in due course competes with the private rental sector on equal or almost equal terms as a unitary rental market. The starting point of this paper is whether the achievements of a unitary rental market are threatened by the EU's competition policy. It will also discuss two other possible threats to the future of the Dutch unitary rental market: the threat to take surplus capital away from housing associations and have government decide on what to invest; and the attractiveness of homeownership to households. We conclude that the character of the Dutch unitary rental sector is indeed under threat, although mostly by stealth.

8.1 Introduction

For many years the position of the social rental sector has been under discussion in social science and in practice. In particular, 1995 was a year in which important contributions were made to his discussion: two prominent books presenting theories on social housing were published and the Dutch social housing sector became financially independent. The first book presents the theory of Harloe (1995), stating that the mass social rental sector built up after the Second World War will inevitably become more residual and provide a safety net in the housing market for the most deprived households. The second book, by Kemeny (1995), describes an alternative theory suggesting that a unitary rental market is a serious alternative for the residual model. In a unitary market, non-profit and for-profit landlords compete with each other without specific government support for the former. The Dutch rental sector is put forward as an example of such a model. The non-profit rental sector in the Netherlands covers 35% of the market, is financially independent and shows many characteristics of a unitary rental market. The sector is

financially sound, but there are a number of threats for a unitary future for Dutch social housing.

The Dutch social rental sector is considered to be too large and there is a threat that government support will leak away to housing that does not fit the definition of social housing. In that case there would be false competition, according to European Union (EU) legislation. To accommodate EU legislation the Dutch government was working on a definition of social housing which would separate social housing from other housing. This contribution elaborates on this competition policy and the possible effects for social housing in the Netherlands. However, these proposals seem to have been forgotten since the new government took office at the beginning of 2007. The current discussion focuses on the contribution housing associations are supposed to make to the improvement of deprived neighbourhoods. Housing associations prefer to decide on investments themselves, while government wishes to collect this money for investments by imposing a levy on individual housing associations. In other words the financial independency of housing associations is at stake. Finally, like previous governments, the current Dutch government strongly supports home ownership. Middle income groups are more and more becoming home owners and the average income of tenants is decreasing. These threats probably affect the unitary character of the Dutch rental sector and therefore deserve further exploration.

This contribution describes the Dutch social rental sector and the current situation from a theoretical point of view. It then presents three threats for the social rental sector and finishes with some speculations on the impacts of these threats for the unitary character of the Dutch rental sector.

8.2 The Dutch unitary rental sector

Dual and unitary rental sectors

Kemeny (1995) concludes that there is an alternative to the Anglo-Saxon model of social housing. He has developed a theory of the dynamics of rental systems in which he distinguishes two (rental) housing models that may arise simultaneously in different (groups of) countries: the dual and the unitary model. The dual model implies that non-profit renting is separated from the private rental market by the government and is used as a safety net in the form of a strongly controlled public rental sector. As an alternative to this model, Kemeny describes the unitary rental sector in which an independent non-profit rental sector competes on the housing market with the for-profit rental sector and the owner-occupiers' sector for the favours of broad layers of the population without specific government protection or support (that is without 'positive discrimination'). The main features of a unitary rental market model are summarized in Table 8.1, with those of the dual rental market

Table 8.1 Features of dual and unitary rental markets

	Dual rental market	Unitary rental market
Objective of social housing policy	Separate non-profit from market: no direct competition between non-profit and profit rental sector.	Integrated rental market, with direct competition between profit and non-profit rental sectors.
Function of non-profit rental sector	Safety net.	Housing for broad layers of population.
Development of non-profit rental sector	Financial resources are withdrawn from the non-profit sector when it reaches a certain level of maturation (by selling housing stock at a high discount).	Growth of non-profit sector is not inhibited and financial resources are not withdrawn from the sector, but object subsidies are phased out as the sector becomes more mature.
Brick and mortar subsidies	Non-profit rental sector strongly subsidized.	Subsidies phased out as the non-profit rental sector becomes mature, to allow direct competition with the profit rental sector.
Regulation	Non-profit rental sector strongly regulated.	Initially the rental market is regulated. Regulation is phased out as the non-profit rental sector becomes mature.
Rent levels and differentiation	No market-dependent rent level and differentiation in non-profit rental sector: demand is by definition higher than supply.	Market-dependent rent level, at a level that is lower than the market rent.
Segmentation of sector	Strong market segmentation Owner occupation sector dominant Profit rental sector is for those who do not want to buy. Non-profit rental sector is for those who are unable to buy (stigmatized).	Limited market segmentation Owner occupation sector less dominant. Sectors complete for favours of households (tenure neutrality).
Households non-profit rental sector	Strong concentration of low income groups.	Less strong concentration of low incomes, more medium and high incomes.

Source: Derived from Kemeny, 1995

model by way of comparison.

Kemeny's theory is based on the proposition that the interaction between the economic development of rental housing stocks (maturation) and their long-term policy structuring can lead to different development trajectories for (rental) housing systems. The key dimension in this process is whether renting is segmented into compartmentalized, segregated markets or not (Kemeny, 1995: 38-40).

The concept of maturation is central to Kemeny's theory. The point of departure here is that non-profit organizations, unlike for-profit ones, work on a cost-price basis: since non-profit providers generally do not require a market return on their equity, their financial costs are lower when debt represents a smaller proportion of the market value of the property, i.e. when the ratio of equity to market value is higher (Kemeny *et al.*, 2005). According to Kemeny *et al.* (2005) this ratio measures the solidity of the rental organization. The maturation process means that solidity increases over time, both through amortization of the debt and appreciation of market values.¹

¹ We prefer to use the concepts of net present value and solvency rather than market value and solidity. Net present value, a widely used concept in the Dutch rental sector, is equal to the expected (rental) income minus

Thus, according to Kemeny, the degree of maturation determines the competitive position of the social (non-profit) rental sector on the housing market, since non-profit providers with a high level of maturation can translate their willingness to accept a lower return on their relatively large equity into lower rents. Where demand-sensitive rent pooling is in effect, maturation will be manifest in rent levels that shadow those of a profit rental market, though at considerably lower levels.

Non-profit renting was relatively immature for a long time: in most countries, it did not grow strongly until the 1960s and 1970s, and was often subject to long average loan terms. According to Kemeny, subsidies (which contribute to the maturation process) and rent regulation² play an important role in reinforcing the position of non-profit providers in such situations. But sooner or later the course of the maturation process in non-profit renting reaches a point at which the sector can compete strongly with other forms of housing.

Kemeny discerns two different policy strategies with respect to the maturation process of non-profit renting: suppression and encouragement. Suppressing the non-profit rental sector is part of a profit market strategy and involves the avoidance of direct competition between renting for profit and non-profit rental housing. Non-profit renting is separated from the private rental market by the government and is used as a safety net in the form of a strongly controlled public rental sector. Kemeny terms the rental system that results from this a dualist rental system, since its distinguishing characteristic is the existence of parallel public and private rental systems subject to increasingly divergent forms of provision and conditions of tenure. Because access to the public rental sector is restricted to households with a low income and many households do not find the private rental sector with high rents and limited rental protection attractive, demand is steered strongly towards the owner-occupied sector. Dualist systems primarily prevent the emergence of a rental market that might tempt large numbers of households to continue renting rather than buy into owner occupation (Kemeny, 1995: 53).

The alternative to suppression is encouragement of a unitary rental sector. According to Kemeny (1995), non-profit landlords in a unitary rental market share the following characteristics: they receive the same government support as commercial landlords, they are mature and able to remain financially healthy, the regulative framework allows them to be in open competition

the expected (running) costs. The solvency is the ratio of the organization's own equity to the total capital. Maturation is based on an increase in solvency, which will be found when the net present value of the housing stock increases with respect to the outstanding debt.

² In our view, rent regulation only makes an indirect contribution to reinforcing the competitive position of non-profit providers, since the use of this instrument to prevent (market) rents from rising to politically unacceptable levels makes it less attractive for profit landlords to invest in rental housing.

with the commercial rental sector, the rents they charge follow the market and they have a wide target group. In his 1995 book, Kemeny already considers the Dutch social rental sector as a unitary rental sector (see Table 8.1).

Kemeny (1995) sees a number of advantages for a unitary rental sector as compared to a dual rental sector. First of all, a unitary rental sector allows consumers to choose between social renting, private renting and owner occupation. Moreover, in a unitary rental market the social rental sector can avoid the stigmatisation of social housing and the segregation of the most vulnerable groups in social housing areas.

We need to be aware that the transition to unitary rental markets is not an inevitable and politically free process (Kemeny, 1995: 143). The 1980s, in particular, was a period when Anglo-Saxon neoliberalism put unitary rental policy strategies on the defensive in several countries. With the letter from the European Commission to the Dutch government in summer 2005, the Dutch social rental sector was put on the defensive.

Facts on Dutch social housing

Social rental housing in the Netherlands currently covers 35% of the total housing stock. This stock is managed by social housing associations. The stock owned by housing associations includes cheaper or social dwellings as well as more expensive or non-social dwellings. These housing associations have non-governmental roots in the former 'pillars' into which Dutch society was divided: they started as small Catholic, Protestant or general associations (Van der Schaar 1987). Alongside these private associations, there were also local authorities with a safety net function in the housing market. In the 1990s, municipal housing was transferred to housing associations. The housing associations professionalized, increased in scale as the result of many mergers and often changed their legal status. Most of them became foundations. Currently the social housing stock is managed by around 500 non-profit housing associations.

The 'grossing and balancing operation' in 1995 was an important step in the development of Dutch social housing (Priemus, 1995). This operation involved cancelling all government loans against the current subsidy obligations. It implied that no more bricks and mortar subsidies would be provided to housing associations. While the associations were completely independent in financial terms after this step, they still required approval of their status under the terms of the Housing Act. Their tasks and other operating conditions were laid down in a separate government order drawn up pursuant to the Housing Act, known as the Social Rental Sector Management Order (Dutch abbreviation: BBSH). The BBSH, which came into force in 1993, stipulates that approved housing associations have the task of providing good, affordable housing for those who are unable to find a dwelling in the market. According to the Order housing associations should take local government policy into

account. One instrument for achieving this is to make performance agreements on how associations will contribute to affordable housing, good quality housing and liveable neighbourhoods at the local level. In practice, however, only one-third of housing associations make these agreements (Conijn, 2005). Moreover, the Order obliges housing associations to appoint an internal supervisory board. In all housing associations such a board is appointed. The quality of their supervision is doubted, however (CFV, 2006).

The Central Housing Fund (CFV) is a statutory, non-departmental public body with three roles: the first is the financial supervision of housing associations on behalf of the Minister; while the second is to take remedial action if housing associations find themselves in financial difficulties. A rather new, and third, role, since 2001, is redistribution of equity for special purposes. The CFV can provide money to housing associations faced with a lack of money to make particular investments. For this task the CFV is able to impose a levy on the individual associations. Housing associations are responsible for funding the CFV (Conijn, 2005). The minister of housing is the final external supervisor of the performance of the housing associations.

In exchange for this performance the associations are granted exemption from corporation tax on their social activities. In 2006 this exemption was abolished for commercial activities in separate legal entities (for example, building owner-occupied dwellings) and the exemption for social activities will be abolished in 2011. A second form of government support is the Guarantee Fund for Social Housing (WSW). The WSW is a private body backed by the central and local governments that guarantees housing associations' loans at below market interest rates. Finally, housing associations are often subsidized by land policy. Most local authorities offer land for building social rental dwellings at below the market price.

The social rental sector currently has a considerable surplus equity, which increased from 11% in 2001 to 16% of the total balance sheet in 2005 (CFV, 2006). This surplus is at least one of the reasons the sector is the subject of political discussion at the moment, the key issue being whether the housing associations, which possess large amounts of capital, do enough to justify their special financial position. One recurrent question in this connection is who actually owns the associations' assets, the associations themselves or the government. The amendment of the BBSH and the many questions about the future of the social rental sector gave rise to various studies and advisory reports (WRR, 2004; SER, 2005; Conijn, 2005; Commissie De Boer, 2005). Despite the many thoroughly written reports, there is more discussion than clarity on this issue.

Threats to the unitary model

We agree with Kemeny that in the long term the development of a social rental sector will not automatically result in a dual rental sector with a marginal-

ized social rental sector. The Dutch social rental sector in 2006 shows many similarities to the picture sketched by Kemeny of a non-profit rental sector financially independent of the government. The present social rental sector is also sufficiently mature and financially healthy. In fact, in view of the current discussion of the funds available in this sector, one might wonder whether it is not overmature. However, there is a number of doubts about the viability of the unitary concept, or at least the Dutch version, in the long run.

A first threat is EU policy towards the rental sector and competition policy in particular. Although the Dutch social rental sector meets most of Kemeny's criteria for a unitary rental sector, one criterion is not met: government involvement is not similar for the social and the for-profit sector. The social rental sector still enjoys special protection and regulation from the government. This special treatment seems to be crucial for the viability of the sector (see *Elsinga et al.*, 2005). It is this special treatment that is the subject of heated discussion in the Netherlands, fuelled by the 2005 letter from the EC on competition and social housing. The letter suggests a considerable decrease of the social rented sector and a focus on the most vulnerable households, which might result in what Kemeny calls a dual rental sector.

A second threat is support for the model. The current political discussion shows that there are doubts about the performance and efficiency of housing associations. This raises the question of legitimacy. Since housing associations are now mostly foundations, the question is: who owns the billions of euros in social housing and who decides on how the money is spent? The question is whether the current discussion will result in a change in the framework and less independence for social housing associations.

A final threat is the competition from the owner-occupied sector. A key factor here is the fact that the owner-occupied sector in the Netherlands is generally more attractive for the higher income groups. Moreover, home ownership is encouraged in different ways in the Netherlands, in particular by the fact that mortgage interest is 100% deductible from income tax. The owner-occupied sector increased from 45% in 1994 to 55% in 2007. This will probably result in social housing becoming more and more a tenure for lower income groups and as a consequence becoming a residual sector.

The remainder of this contribution will look at these threats in greater detail, paying particular attention to EU competition, as this was the threat that appeared to give the discussion new impetus.

8.3 Threat from EU competition policy

EU competition policy

The historic aim of the EU and its predecessors is to create an internal market (also known as a common market or single market) whereby the free

movement of goods and capital is facilitated (Doling, 2006). In order to ensure the existence of a level playing field on markets the Treaty on the European Community (EC Treaty), which takes precedence over any national legislation, restricts government intervention. Article 81 (1, 2) of the EC Treaty states that putting any entity at a competitive disadvantage as a result of a distortion of the competing forces within the common market, such as by agreement or special position, is not permitted. Article 87 (1) of the EC Treaty subsequently states that any aid granted by or through a member state distorts competition and is incompatible with the common market.

Services of general economic interest

Article 86 (2) states that entities entrusted with the operation of services of general economic interest (SGEIs) under a special regime are also in principle incompatible with the common market. This statement is valid as long as this situation in which no state aid is given 'does not obstruct the performance, in law or in fact, of the particular tasks assigned to them.'

SGEIs, which are not defined in the EC Treaty, are defined in the White Paper on Services of General Interest (Commission of the European Communities, 2004: 22) as:

...services of an economic nature which the Member States of the Community subject to specific public service obligations by virtue of a general interest criterion. The concept of services of general economic interest thus covers in particular certain services provided by the big network industries such as transport, postal services, energy and communications. However, the term extends to any other economic activity subject to public service obligations.

Thus the competition framework of the European Union intends to create a level playing field for market activities and to prevent any state aid from distorting the competition for commercial services provided on the market. Compensation may be granted, however, to entities providing SGEIs. In the Commission Decision 2005/842/EC of 28 November 2005 the European Commission laid down the conditions under which the Commission will accept compensation for the provision of SGEIs (European Commission, 2005b, 2005c). These conditions are in line with those formulated by the highest court in the European Union, the Court of Justice, in the Altmark case. These criteria are concerned with the clear definition of the so-called public services to be delivered and objective and transparent parameters decided in advance for the calculation of the amount of compensation necessary, and the use of cost parameters based on the costs of a typical entity. If these criteria are met, compensation for public services will not classify as state aid.

In the Community framework for state aid in the form of public service

compensation, also published on 28 November 2005, member states are furthermore granted a wide margin of discretion in classifying services as SGEIs. But ‘a particular task’ needs to be defined as an SGEI (European Commission, 2005b: 5). Public authorities are designated as the entities that set the framework of criteria and conditions for providing the services. In “specifying the public service obligations and the methods of calculating compensation...”, the responsibility for the SGEI must be transmitted to certain entities “by way of one or more acts”. In this legislation, other criteria need to be specified. The legislation needs to specify “(a) the precise nature and the duration of the public service obligations [SGEI]; (b) the undertakings [entities or organisations] and territory concerned; [and] (c) the nature of any exclusive or special rights assigned to undertaking”. Furthermore, “(d) the parameters for calculating, controlling and reviewing the compensation; [and] (e) the arrangements for avoiding and repaying any over-compensation” need to be specified.

Separation of accounts

In July 2005, the European Commission adopted a package of new rules on compensation when providing a public service (European Commission, 2005a, 2005b). One of the measures in the package aims to create a level playing field for commercial activities. It consists of an amendment to the directive on transparency in financial relations between member states and the public undertaking, the entity providing public services. This amendment stipulates that companies receiving compensations should hold separate accounts for public service activities and non-public service activities (European Commission, 2005a, 2005d).

The effects of the EU on Dutch policy

EU competition legislation first impacted on social rental housing in the Netherlands, when the European Commission sent a letter to the Dutch government in 2005 about creating a level playing field on the rental housing market. This confidential letter, which is dated 14 July, contains measures that the Dutch government should take to prevent state aid leaking into activities that are performed in competition. According to the letter that the minister responsible for housing sent to Parliament in September of 2005 about the correspondence with the Directorate-General for Competition at the European Commission, the Dutch government is to define social housing as a service of general economic interest (SGEI) to which compensation is granted (Dekker, 2005a).

Policy outline on the future of the housing associations, December 2005

In December 2005 the former minister of housing, member of a coalition of the Christian Democrat and the Liberal parties, presented a policy outline on the future of the housing associations to parliament (Dekker, 2005b). In devel-

oping the details of this policy outline, the minister in fact responded to the requirements imposed by the EU in relation to state aid and competition – the new policy had to be ‘Europe-proof’. It contained specific propositions concerning requirements (a) to (e) above, and concerning the separation of accounts for the social and commercial activities of housing associations.

The policy outline of December 2005 again stressed the wide-ranging mission of the housing associations: providing good housing and tackling poorer districts, with the aim of achieving a balanced mixture of dwelling types and a high-quality living environment. The minister formulated two concrete objectives for the associations. These could be considered as fulfilling EU requirements a and b, the nature of the SGEIs and the organizations providing them:

- primary allocations of dwellings subject to regulated rents to those groups for whose benefit the housing policy is intended;
- investment in new construction and restructuring.

EU requirements c to e refer to the forms of compensation assigned to social housing associations to perform their social task and to the parameters for calculating compensation and overcompensation. In the case of the Netherlands the compensation consists of guarantees provided by the Guarantee Fund for Social Housing (WSW), support from the Central Fund for Social Housing (CFV) in case of bankruptcy and exemption from corporation tax as mentioned in the minister’s letter.

In the policy outline of December 2005, former minister Dekker presented an arrangement to avoid overcompensation of housing associations. Instead of directly calculating the amounts of compensation and overcompensation to housing associations, the minister proposed allocating at least 90% of the dwellings subject to regulated rent to the target groups of housing policy. The minister identified these groups as households with an income below €33,000 (2006) – around two million of the three million households in the rental sector in the Netherlands.

On separating social from commercial accounts in order to make the system within which the housing associations operate ‘Europe-proof’, the minister took the standpoint that social activities should be distinguished from those where the associations are competing on the open market, in order to prevent state aid being used for the latter. In European terms, the social activities are regarded as SGEIs, which are eligible for compensation. The following activities were to be regarded as social activities:

- the construction, letting, maintenance, renovation and possible sale of dwellings with regulated rents;
- enhancing the quality of the living environment in as far as it relates to the possession of dwellings with regulated rents;
- the construction, letting and maintenance of social property.

As far as the distinction between the social and commercial activities of the

housing associations is concerned, the minister proposed a legal separation as opposed to a less 'heavy' administrative one. The social parent organization in such a situation is shareholder of the commercial entity. Cross-subsidization from the social activities for the benefit of the commercial ones is not allowed, while the profits from the commercial subsidiary are at the disposal of the social parent organization.

Any other activities, such as the construction, letting, maintenance, renovation and possible sale of dwellings with unregulated rents, were to be regarded as being in competition with the open market. For such commercial activities, a level playing field had to be created between the housing associations and commercial landlords. This means that support from the CFV and sureties provided by the WSW for loans taken out by housing associations should relate only to social activities. Furthermore, the commercial activities of the housing associations were to become subject to corporate income tax.

With this package, the former minister of housing expected the Dutch social rental sector to be 'Europe-proof'. The European Commission has not yet agreed to the Dutch proposal.

A new government; a new policy, 2006

Before a definite decision could be taken in parliament on the policy proposed by minister Dekker early elections were held, which resulted in a coalition of Christian Democrats and Social Democrats.

The spearhead of housing policy in the coming 4 years is to tackle 40 problem neighbourhoods. Housing associations have an important role to play here and are required to make an extra financial contribution of €750 million a year (€2,8 billion in total) in the period from 2007 to 2010. In addition, the new government wants to reach agreements with the housing associations on a contribution to the affordability of rented housing, investments in the energy efficiency of existing dwellings and increasing the number of new homes being built.

The new government wanted to raise the €750 million a year by imposing a tax on the associations. The money would then be made available for investment in the 40 problem neighbourhoods through a government fund. This would make it possible for the government to finance extra policy through the budget. The housing associations, however, opposed the tax. They wanted to retain their independent position and make their own investment decisions. An important point of discussion here was the question of who is in control of the associations' capital.

Perhaps as a consequence of this threat of a tax, negotiations between the housing associations and the government have resulted in the associations undertaking to deposit €250 million a year in a private investment fund over the next 10 years. Associations active in the 40 neighbourhoods can make use of this fund. All associations contribute to the fund pro rata, depending on

their financial capacity (VROM, 2007).

In addition, the government wishes to bring forward the introduction of corporation tax on the social housing property of housing associations from the planned date of 2011 to 2008. The associations also oppose this extra (and earlier than expected) burden, estimated at €500 million a year. Parliament is expected to decide on this proposal in 2008.

8.4 Current situation: Three threats

So far, the new government had not yet adopted a standpoint on the consequences of the EU's competition policy for the housing associations. Recently, Ella Vogelaar, the new housing minister, indicated that in her opinion the social housing sector was the responsibility of national states (Vogelaar, 2007). It is not clear what this means for the legal separation of the social and commercial activities of the associations proposed by former minister Dekker. There is therefore still a great deal of uncertainty surrounding the further development of the 'European dossier', in terms of both Dutch action and the European response. In the remainder of this section, we will nevertheless examine the possible consequences of the policy proposed by former minister Dekker for the Dutch system. What will it mean for the further development of the unitary rental system in the Netherlands? After that we will take a brief look at the other two possible threats to the future of the unitary model mentioned in above: political support for the current model and the development of the owner-occupied sector. Because this largely concerns policy discussions and proposals, this section is speculative in nature.

Consequences of EU competition policy

Regarding the consequences of the policy proposed by former minister Dekker to make the Dutch social housing sector Europe-proof, two scenarios are possible.

In the first scenario the present rental system in the Netherlands, which has many characteristics of a unitary rental system, can be maintained. Within the policy proposed by former minister Dekker the housing associations retain their broad range of tasks, albeit with a clear dividing line between their social and commercial activities. The size of the stock of social rented dwellings will remain high at around 30% of the Dutch housing stock and the target group accounts for around 28% of all households. At least 90% of the social rented dwellings are to be allocated to households in the target group, but a rise in income to above the threshold for the allocation of social rented dwellings, will not affect their right to live there. In addition, housing associations can continue to exploit the more expensive rented dwellings through a commercial subsidiary. As far as the commercial component of the associ-

ations' housing stock is concerned, the government treats it the same as the private rental sector (level playing field).

The fact that, through the legal separation, financial resources can no longer flow from the social parent company to the commercial subsidiary, and certain benefits (WSW, CFV and exemption from corporation tax) are no longer applicable to the commercial component of the association's housing stock, can be seen as a further withdrawal of government support which, according to Kemeny, is a feature of a mature non-profit rental sector.

There is, however, another conceivable scenario. The proposed legal distinction between the social activities of the housing associations (parent) and their commercial activities (subsidiary) will lead to separate organizations within each association. A possible consequence is that the character of the existing 'hybrid' organizations will change, with a division emerging between social and commercial entities. If the two entities act as two separate organizations, this could, in the long run, lead to the social parent acquiring a safety net function and to the Dutch rental system developing in the direction of a dual rental system. This process could be accelerated if it is combined with restrictions on the size of the target group and/or the stock of social housing (due to income and rent thresholds being frozen, for example). A development along this line could be called a 'residual unitary market scenario' (Van der Heijden 2002: 337).

Support for the present rental model

In the post-war period, there was broad political support for the social housing sector in the Netherlands, and therefore for the housing associations. After the housing associations had become financially independent of the government through the 'grossing and balancing operation' in 1995, their capital increased considerably. At the same time, the associations increasingly became the subject of political discussion. An important element in this discussion was whether they used their capital sufficiently and efficiently.

Former minister Dekker took the standpoint that the housing associations, in view of the resources at their disposal, were not investing sufficient amounts in new construction and restructuring. In the policy outline, the minister proposed establishing for each housing association, on the basis of their financial position, how much leeway they have for investment in new constructions, conversions, renovations and restructuring. This would be linked at local level to the housing policies of the municipal authorities, which would have to be translated into an investment plan. A performance contract was then to be signed between the housing associations and the local authority.

In general, the Dutch government is showing ever greater interest in deploying the resources of housing associations for the purposes of urban restructuring, extending the housing stock in the Netherlands, contributing to

rent subsidized building, managing schools, and so on.

The question of principle behind this discussion is who controls the capital of the housing associations. This question is very topical because the current Dutch government wanted to raise €2.8 billion by imposing a tax on the corporate sector and using the money to invest in 40 problem neighbourhoods. A statutory tax of this nature would have far-reaching consequences for the future at the housing associations as independent, private, non-profit organizations. The government and the associations have reached a compromise, as a result of which the threat of a tax has disappeared. Part of the agreement is, however, that the money the housing associations have deposited in a private fund can be used for a broad range of physical, social and economic activities in the 40 neighbourhoods. Such constructions, which withdraw capital from the housing associations, can lead to a reversal of the maturation process. This can have a negative impact on the associations' competitive position on the housing market, thereby considerably increasing the chances of a development in the direction of a dual rented sector. In that sense, the policy pursued by the current government possibly presents a greater threat to the unitary rental model than the policy proposed by the previous government to make the Dutch social rental sector 'Europe-proof'.

Competition with owner occupations

In the Netherlands, the government provides financial support for both rental and owner-occupied housing. That does not mean that the policy is the same in both cases. In the owner-occupied sector, support increases as income increases, while in the rental sector, it increases as income decreases. The owner-occupied sector is therefore more attractive for people with higher incomes and the rental sector for those with lower incomes.

In recent decades, owner-occupation has become more attractive for people in the middle-income category through lower interest rates and new financial constructions which optimize the fiscal benefits. This has resulted in an increase in owner-occupation in the Netherlands. A far-reaching change in the fiscal treatment of owner-occupiers has so far proved politically impossible in the Netherlands.

In addition, the government regularly draws attention to the supposed benefits of home ownership. In 2000, for example, a policy document stated that owning one's own house contributed to "a better living environment and the achievement of social objectives like asset and capital creation" (VROM, 2000: 88). A government paper published in 2006 indicated that "owning one's house can make a significant contribution to the quality of life in old neighbourhoods. Owner-occupiers are closely involved in their immediate living environment, which improves the quality of life in their surroundings." (VROM, 2006: 120). The EU also promotes, in the context of the Lisbon objectives, a housing strategy for member states based on increasing home owner-

ship (Doling, 2006).

Government support for owner-occupation may influence people's choices on the housing market. It may lead to greater interest in home ownership, the selling of social rented dwellings to owner-occupiers and greater concentration of lower income groups in the social rental sector. In the end, this may result in a dual rental model.

8.5 Dismantling the Dutch unitary rental market?

According to Kemeny there are two different reactions to a maturing social housing sector: encouragement or suppression. The first option results in a unitary rental model, the second in a dual rental model. The Dutch case, as described in this contribution, is a typical example of the first option – at least this has been the case in recent decades. The social rental sector has matured, and if we take the financial wealth of the sector into account, can even be called more than mature or 'over-mature'. This does not mean, however, that this model enjoys broad support in the longer run. We have identified three threats which provide good reason to conclude that the Dutch model is currently on the defensive in different ways.

A first threat to the model is the EU's competition policy. This policy has heavily fuelled the on-going discussion in the Netherlands. If a broad social rental sector conflicts with the EU's rules on competition, this might impact the rental sectors and in particular unitary rental sectors in Europe. When a separation of accounts becomes compulsory and cheaper dwellings for lower income groups are separated from the rest, this part of the social rental sector will probably become a residual rental sector, most probably implying the end of the unitary model in the Netherlands.

A second threat is the support of the Dutch government. It is the 'over maturity' that puts the social rental sector on the defensive in the Netherlands. There is a political debate on the performance of, and even on the need for, a broad social rental sector. The wealth of the social rental sector attracted the attention of the government, which has budgetary problems to solve. A withdrawal of equity capital from the housing associations may lead to a reversal of the maturation process. In the end this could erode the unitary rental model.

Finally the strong support for home ownership will affect the unitary model. Fiscal policy makes the owner-occupied sector more attractive for higher income groups. Home ownership is steadily increasing in the Netherlands and the average income of tenants in the social rental sector has been going down for many years now. According to Kemeny the suppression of maturity is a way to push people into home ownership. However, it can also work out

the other way around: the growth of home ownership is gradually eroding the unitary model. After all, one of the key requirements for a unitary model as described by Kemeny is not met in the Netherlands: a tenure-neutral policy.

Concerning the future of social housing, this contribution raised some policy issues that probably are crucial for the future of social housing and in particular in unitary rental markets in the European Union. Although housing is not the concern of the EU, EU competition policy can be considered as a housing policy by stealth (Doling, 2006). But what may be more important for the future of the unitary model is the implicit encouragement of home ownership by the EU and the explicit support for home ownership in member states. If home ownership is the majority model and the most preferred one, the rental sector will become a last resort. This policy can be seen as dismantling the unitary model by stealth

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9 Conclusions and research agenda

9.1 Introduction

The aim of this dissertation is to contribute to the academic debate on international comparative housing research. It seeks to provide deeper insight into possible comparative research methodologies and assesses the viability of existing theories as a framework for analysing differences and similarities in the development of housing systems in Western Europe. One of the key issues is the practicability of this framework in future policymaking.

This aim is split into four research questions:

1. *What differences and similarities can be observed in the development of housing systems in a number of Western European countries?*
2. *How useful is a 'middle-way approach' in the analysis of differences and similarities in the development of housing systems?*
3. *How viable is Kemeny's divergence theory as a framework for a comparative analysis of the development of housing systems now and in the future?*
4. *How viable is Kemeny's divergence theory for analysing the development of the housing system in individual countries now and in the future?*

In the sections that follow, I will attempt to answer these research questions based on the results of the analyses discussed in the previous chapters. Section 9.2 considers the first research question, stressing differences and similarities in the development of housing systems and addressing issues of convergence and divergence. This discussion draws in particular on information from Chapters 2, 3, 5 and 6. Section 9.3 focuses on the second research question. On the basis of Chapter 4, I first consider how a middle-way approach can be used in international comparative research on housing. I then present the results, as discussed in Chapter 5, of an exploratory study on the feasibility of conducting an international comparative analysis of the effects of the international financial crisis using a middle-way approach based on the concept structures of housing provision. Section 9.4 centres on the third research question and examines Kemeny's theory of rental markets in greater detail. In particular, I examine how this theory can be used as an interpretative framework for the future development of housing systems. I do this in two ways. First, using data from Chapter 6, I analyse potential future developments in the social rental sector in a number of Western European countries, based on Kemeny's theory and the two rental market models he identifies. Next, I present the results from Chapter 7, assessing Kemeny's integrated rental market model primarily on the basis of economic theories. According to Kemeny, the integrated rental market model is the final stage in the development of a unitary rental market model. Section 9.5 turns to the final research question, which follows on from the third and looks at possible practical applications of Kemeny's rental market theory on the development of the housing system in individual countries now and in the future, and relying

in particular on the analysis presented in Chapter 8. This chapter concludes with a brief section presenting a research agenda based on the conclusions of the previous sections.

9.2 Differences and similarities in the development of housing systems (research question 1)

9.2.1 Introduction

The first research question can be answered on the basis of information presented in several of the foregoing chapters. It is complicated, however, by the fact that the relevant articles were written over a period of nearly twenty years and that not all of these articles consider the same group of countries or the same aspects of housing systems. Therefore, in answering the first research question, it is worth taking a more in-depth look at trends in the development of housing systems over the last decades, as reflected in the results of articles written in different years. These trends are also considered in the light of the theories and evolution of welfare states discussed in Chapter 1. In view of the fact that the first research question concerns not only differences and similarities between housing systems, but also the development of those systems, another question addressed here is whether the evidence points to a convergence or divergence between housing systems.

9.2.2 Differences and similarities; convergence and divergence

In Chapters 2 and 3, based on the results of a comparative study of housing policy implemented since the Second World War until 1990, a rough classification of four phases is presented (Boelhouwer and Van der Heijden, 1992). In the first phase, which began for all the countries observed immediately after the Second World War, there was a strong government influence on housing. Policy was primarily directed towards a substantial production of housing to catch up with the shortage that had arisen as a direct and indirect result of the war. In the second phase, more attention was paid to housing quality. New dwellings became larger and the standard of facilities was higher. Moreover, in this phase governments in several countries shifted their efforts from new construction to the existing housing stock. Quality was improved through the demolition and/or renovation of poorer dwellings. In the transition from the second to the third phase, market forces played an increasing role and housing provision increasingly depended on effective demand rather than needs. In the third housing policy phase, considerable attention

was paid to distribution issues. Under the influence of shrinking government budgets, the effectiveness and efficiency of various housing instruments were submitted to a critical review. Due to the reduction of generic subsidies and the extension of individual subsidies, the position of weaker groups in the housing market received considerable attention in policy implementation. This third phase shows a general decline in new building production. By the end of the 1980s, a fourth phase could be distinguished in a number of countries (France, Germany, Britain), in which fairly substantial housing shortages and especially a shortage of dwellings that were affordable and accessible for less prosperous groups could be observed.

The phases distinguished above did not unfold at the same time in the housing policies of the various countries studied. Moreover, the various phases have not followed on from each other in all countries. Neither, by the end of the eighties, had all these countries passed through all four phases. In Sweden, for instance, there was no evidence of government withdrawal from the housing market. But in the beginning of the 1990s, the country entered the third phase with a revision of the fiscal system and housing instruments; so that generic subsidies were phased out and wholly or partially replaced by an increase in individual subsidies. Moreover, market forces in the Swedish social rental sector gained increasing influence, so that the function of this sector for the housing of underprivileged groups became an issue (Turner and Berger, 1998, see Chapter 6). Finally, it should be pointed out that the intensity with which these various phases have evolved in each of the seven research countries has not been the same. Thus, Belgium in particular has a long tradition of limited government involvement in housing, while in Sweden and the Netherlands the government's influence on housing has traditionally been relatively large.

One of the conclusions that can be drawn from this analysis is that these similar trends in both the housing policies implemented and the development of housing systems occurred partly under the influence of such exogenous factors as economic and demographic developments. This applies more to housing than to the other pillars of the welfare state as housing is far more market-driven. In this sense, we subscribe to Donnison's (Donnison, 1967; Donnison and Ungerson, 1982) view that economic and demographic developments are key in shaping in the development of housing policy and housing systems. These factors are of great importance in a context where consumers, suppliers and the government operate on housing markets. However, we find no support for the direct correlation that Donnison says exists between the level of economic development (from low to high) and the role of the government (from residual to comprehensive). We failed to find any structural drive towards an increasingly comprehensive national housing policy.

The policy phases we distinguished seem to relate in general to the development of the welfare state (Esping-Andersen, 1990; see also Chapter 1). The

development of housing policy and housing systems in the first two 'policy phases' can readily be placed in the context of Keynesian economic politics and the construction of the welfare state. Housing policy was directed in the first instance at the overhaul of quantitative housing shortages, but in the course of the 1960s and 1970s many countries increasingly diverted policy towards raising the quality of both new construction and existing stock, usually supported by generous non-discriminatory object subsidies. When referring to the development of the social rental sector in this period, Harloe (1995) speaks of a mass social housing model. According to Harloe, such a decommodified form of housing only appears in capitalist societies on a reasonably large scale when the market is not in a position to provide large groups of the population with good housing in a profitable manner, and this unsatisfied housing need has far-reaching consequences for the societies and economies in which they occur. For the period directly following the Second World War in the countries studied, it is more appropriate to speak of a mass housing model than of a mass social housing model. In this period, the characteristics Harloe ascribes to the mass social housing model apply in general terms, with substantial new construction programmes in most countries, though not directed specifically at housing the lowest incomes groups. These programmes were supported by production subsidies, and income-related subsidies initially played a relatively unimportant role in the rented sector. Choices with respect to the support of a specific tenure often had, in addition to (political) ideology, a pragmatic background in which use was made of existing institutional structures. Thus, in the Netherlands, a relatively large emphasis was placed on the social rental sector (initially with a major role for the municipalities), mostly inspired by the necessity of constructing large numbers of dwellings during a period in which economic reconstruction was a prime concern. The social rental sector, in which not only the municipalities but also housing associations (private non-profit institutions) were active, was considered better equipped than the private rental sector to produce this large volume of dwellings. Moreover, the government was better able to direct this sector. In Great Britain, the construction of municipal and other social rental dwellings was supported by both the labour and conservative governments, partly because of the need to build large numbers of dwellings in a short time. In Sweden and Denmark, ideological considerations played an important part in the construction of non-profit rental dwellings, initially serving to curtail the role of the private rental sector. Other countries made different choices. In Belgium, the promotion of owner-occupation dominated the whole post-war period, and the social rental sector has never played a part of any significance. West Germany opted to emphasise privately developed (temporarily in the social sphere) dwellings with government support. The large quantity of residential construction undertaken in the first decades after the Second World War meant these choices would have a marked influ-

ence on the further development of the institutional structure and character of the various housing systems. Although direct government control and the associated financial support for new housing construction and quality policy form a fairly standard element in the wider expansion of the welfare state, the extent to and manner in which this was interpreted differed considerably in each country.

The third and fourth policy phase can be placed in the context of altered economic circumstances over the course of the 1970s and 1980s. The combination of crisis and economic restructuring led to a restructuring of the welfare state in which, according to Esping-Andersen (1990), different countries followed different paths. Gourevitch (1986: 215) also points to differences in economic policy implemented by various countries, but stresses that the general trend was in the direction of a neo-liberal policy. Harloe (1995) refers to these developments in his international comparative study on the development of the social rental sector and concludes that since the middle of the 1970s there has been a transformation from the mass social housing model to the residual model. In this residual model, in which limited new construction is directed towards housing the lowest income groups, the social rental sector becomes increasingly stigmatised, providing housing only for politically, economically, and socially marginalised groups.

The results of the analysis of housing policies in the 1970s and the 1980s (Chapter 2) show no direct correlation between the economic crises in the 1970s and the governments' reduced involvement in housing. Initially, a number of countries (the Netherlands, Belgium, Denmark) responded to the economic crises by implementing an anti-cyclical construction policy. Other countries (Germany, France and England) continued the liberalisation policies they had already cautiously introduced. But eventually, in the course of the 1970s and 1980s, direct government intervention in housing was curtailed in all seven of the countries studied, though with major differences in the magnitude and timing of the changes and the manner in which they have been introduced. In practice, these policy developments were implemented by placing increased priority on the promotion of owner-occupation (with the exception of Sweden), cutting back direct financial support for housing, and shifting from generic subsidies to targeted individual subsidies. This development towards a more market-oriented housing system went hand in hand with a (further) increase in owner-occupation, a decline (in the growth) of the social rental sector, rising rent-to-income ratios in the rental sector – particularly among low income groups – and an increased concentration of these groups in the social rental sector (Chapters 3 and 6).

The continued growth in and policy emphasis on home ownership in many Western European countries over the course of the 1980s and 1990s (Chapter 6) can be viewed against the background of both the development of welfare states and general economic development. A key factor driving the devel-

opment of welfare states was the philosophy of the 'Enabling State' (Gilbert, 1995; Boelhouwer, 2002; see Section 1.2). Welfare states were to be transformed from a safety net into a trampoline. Home ownership was seen as particularly appropriate to the concept of the enabling state and the principle of empowerment (Boelhouwer and Van der Heijden, 2005). Economically, the 1990s heralded the start of a new period of growth and increasing prosperity. With this increase in prosperity, more households became free to choose between renting and buying. Logically, if a proportion of these households opted to become owner-occupiers, the rate of home ownership would also rise (Boelhouwer and Van der Heijden, 2005).

This development may explain why the growth potential I detected in the commercial rental sector in the first half of the 1990s (Chapter 3) was not retained. The 'gap' in the housing market that developed among lower and middle income households in various countries during the 1980s due to declining production in the social rental sector, increasing emphasis on housing lower income groups in this sector and the financial inaccessibility of home ownership was filled not by the private rental sector but by the owner-occupier sector. A major factor in this development, besides growth in incomes, was the low interest rate and the relaxation in mortgage financing criteria. The relationship that emerged in many countries between confidence in the home-ownership market and price rises went hand in hand with an expansion in the portfolio of lending options offered by financial institutions, particularly in countries such as England, Ireland and the Netherlands (Chapter 5). This period of economic growth and of growth in home ownership has tailed off since 2008 with the outbreak of the global financial crisis, subsequent economic crisis, debt crisis and euro crisis. In many countries, this has led to declining property prices, a fall in transactions and increased restrictions on financing options for buying a home. The result has been increasing pressure on the rental market. While this could create a revival in the social rental sector, in reality it seems more logical to assume it will provide another stimulus for the commercial rental sector instead. This will mainly concern the provision of housing for (lower) middle-income groups but a number of countries, including Ireland and England, have also launched small-scale programmes for market-sector involvement in social provision (Haffner *et al.*, 2009; see Chapter 7). This is typically achieved by means of a contract, either explicit or implicit, which grants a private-sector body a grant or tax concession in return for supplying dwellings at sub-market rents to tenants on low incomes.

9.2.3 Conclusion

In this section so far, the focus has been on comparable developments instead of differences. The occurrence of these comparable developments in various countries with differing party-political compositions of governments,

both between and within countries over the course of time, seems to agree with our conclusion that ‘the housing policies of governments both right of centre and left of centre did not correlate strongly with their ideological stance’ (Boelhouwer and Van der Heijden, 1993, see Chapter 2). We referred there to comparable trends resulting from economic and demographic developments, but also pointed out the differing influence that the specific housing market situation in each country, the associated factors of housing tradition and the institutional structure of the housing market have on policy implementation. To a large extent, these factors determine the effect these changed exogenous factors have on the housing market and the associated actors. Governments will try to achieve their political objectives within this context, translating pressures deriving from changed exogenous circumstances into existing, particularly institutional and political-ideological, structures and relationships, and thus exerting an indirect influence on the development of housing policy and housing systems. Kleinman (1996: 181) and Bengtsson (2008; 2012) come to a similar conclusion and apply the concept of path dependency in this context (see Section 1.2). In the concept of path dependency, ideological factors that have become part of the housing culture and institutional structure of the housing market also play an important role. Change (a ‘system shift’) is not impossible, but will meet with strong resistance (Bengtsson, 2012: 164-165). This is in line with our final conclusion in Chapter 2 that although market forces are a significant factor in determining the pattern of housing policy, at least in the short term, it is also evident that there is scope for the pursuit of purely political objectives, especially when a political ideology has political dominance over a longer period of time.

The consequence is that large differences between the various housing systems have remained, despite comparable trends in the character of housing policies and in developments in the various housing markets. This applies both to the scale and function and to the relationship between the various tenures, as well as to the institutional and instrumental context in which various housing markets operate and develop. While Harloe (1995: 529) points to a direct relationship between similar social-economic developments and the development of housing systems in capitalist societies based on ‘the functional imperatives of accumulation and legitimisation’ and concludes that a process of convergence is taking place (Harloe, 1995: 546), the results of our analyses stress the indirect influence of these factors on the development of housing policy and housing systems. The consequence is that these trends in the development of housing policy and housing markets do not necessarily lead to a convergence of housing systems.

Housing systems are not static, however, but subject to constant development. Given this context, the conclusion that exogenous factors do not necessarily lead to convergence of housing systems and that path dependency is a key driving factor in the continuing differences between housing systems log-

ically leads us to ask how these differences can be analysed. Is it the case that an investigation and explanation of the characteristics of a housing system must be based on the development of the system itself, for example through a strict application of the concept of path dependency? Or are there recognisable patterns in the development of different housing systems among countries whose housing systems, now and historically, show greater or, conversely, fewer, similarities? This is a question I will examine in greater detail and from various angles in answering the second and third research questions.

9.3 A 'middle-way approach' to international comparative research on housing (research question 2)

9.3.1 Introduction

The second research question focuses on methodology and centres on the question of how international comparative housing research can be used to discover and structure the complex mutual links between actors, institutions and context in terms of both differences and similarities. Aside from the methodological aspects, this question also has a theoretical component, and in fact the two are tied. Three schools of methodology can be distinguished; namely: the universalist, the particularist and the middle-way approach. These three methodological approaches are often applied hand in hand with a specific theoretical perspective. The universalist approach assigns no great importance to differences in countries' institutional and political structures and their underlying mechanisms, and is often applied in tandem with convergence theories centring mainly on similarities between housing systems and those systems' development. In its most extreme form, the particularist approach assigns so much weight to the specific contexts of individual countries that observations primarily reveal differences and render international comparison useless. Analyses of these types are therefore not dependent on a theoretical basis to explain differences and/or similarities between countries, and instead use theories to analyse developments within individual countries. Between these two extremes are the middle-way approaches, which neither generalise to the extent that all differences are smoothed away, nor emphasise differences so heavily that comparison becomes impossible. A key aspect of middle-way approaches is that they seek to contextualise the phenomena being studied. Their dual focus on both differences and similarities between housing systems and components can lead to the use of typologies to structure the analyses. In analyses examining the development of housing systems or components, this can lead to the detection of divergence between the different types of systems. For this reason, middle-way approaches are

often (but not always) used in combination with divergence theories.

In the next part of this section, I first consider how a middle-way approach can be used in international comparative research on housing (Chapter 4). I then turn to a presentation of the results of a study exploring the feasibility of conducting an international comparative analysis of the impacts of the international financial crisis by way of a middle-way approach based on the concept structures of housing provision (Ball *et al.*, 1988, see Section 1.3.3 and Section 1.4) (Chapter 5).

9.3.2 A middle-way approach to comparing rental sectors

Chapter 4 discusses and applies the aforementioned three ‘schools of methodology’ to an international comparison of the commercial rental sector. The section that follows fleshes out the elements of the middle-way approach. This chapter is based on the methodologies we selected for our international comparative study on the development of the social rental sector and the market rental sector in a number of Western European countries (Haffner *et al.*, 2009). A key incentive for this international comparative study came from the impression that in a number of European countries social rental dwellings were increasingly being supplied through private initiatives. The clear lines of demarcation of the funding and roles of each sector seemed to become increasingly blurred. Before analysing the differences and similarities between these two sectors, we first needed to make a clear distinction about what sets them apart. Moreover, this distinction had to hold true for all countries studied, notwithstanding the major divergences between these sectors in different countries in terms of ownership, rent determination, subsidisation and tenant profiles, for example. In a particularist approach, these differences would be grounds for forgoing comparative research, given that the sectors are not comparable. In a universalist approach, the comparison would be carried out based on publically available statistics, without however questioning whether the subdivisions applied in compiling that data provide a good basis for comparison. The key distinction lies in the level of analysis: extreme high levels of abstraction tend to produce equivalent units, whilst at a highly detailed level units become incomparable. Because we were interested in both differences and similarities, we opted for a middle-way approach and sought a key unifying feature that would create commensurability between both sectors in different countries. Ultimately, we selected the allocation process as the key attribute to create commensurability between rented and social rented housing in different countries. Contrary to market rented housing, social rented housing is allocated primarily according to socially determined need¹.

¹ This is a case of progressive insight. In Chapter 3 (written in 1993), the commercial rented sector is (still)

The next step was placing both sectors in their proper context in each of the different countries. This context was needed to give both sectors ‘meaning’; to understand the function and position of the sectors within the housing systems of the different countries. Different types of context can be discerned, such as the historical and geographical, institutional or housing market context. Depending on the aim, research can focus on different types of context. In Haffner *et al.* (2009) we described and used the institutional and to a certain extent historical and geographical contexts, but mainly focused on the housing market. We gave both sectors context by comparing them to each other and to a lesser extent to the owner-occupied sector.

Finally, we needed a framework that could facilitate a systematic appraisal of variations in the relationship between the market sector and social sector between different countries. Frameworks of this kind often have the character of a typology. This also requires a theoretical perspective as a theory is needed to explain how the typology is generated. In Haffner *et al.* (2009) we used economic theories of competition to develop a comparative competitive framework around the concept of a gap between social and market renting based on degrees of rivalry and substitution in different contexts and different countries (see Chapter 4). This competitive framework facilitated an analysis of the gap between social and market rented dwellings and helped us to focus on identifying factors essential to understanding the degree of competition that exists between the two tenure types. For an elaboration on this competitive framework, see Haffner *et al.* (2009).

9.3.3 Structures of housing provision in a middle-way approach

Chapter 5 presents the results of an exploratory study into the effects that the international financial crisis has had on a number of housing systems in Western Europe. In this study, we sought to apply the ‘structures of housing provision (SHP)’ concept as part of a middle-way approach.

In working out the SHP concept, Ball *et al.* (1988) assumed that there are no universal forms of provision that can be analysed through an international comparison of their operation. According to them, comparative analysis should be based on the concept of structures of housing provision. A structure of housing provision specifies the nature of the social agents involved in the provision of a particular form of housing and on their interlinkages (Ball *et al.*, 1988: 29). According to Ball *et al.* (1988: 30), the development of structures of housing provision must be determined empirically and cannot be deduced from theories because there are no generally definable structures

of housing provision. Strict application of the structures of the SHP concept can verge towards a particularist approach, since the different structures of housing provision are so unique in each country that international comparison would not be worthwhile. The approach selected for Chapter 5 is less rigid, premised on the idea that different structures of housing provision within and between countries are not identical but may be commensurable.

The research used for Chapter 5 was carried out in 2009 at the request of what was then the Dutch Ministry of Housing, Spatial Planning and the Environment, which wished to gain a perspective on how the international financial crisis would affect the housing market and housing policy in an international context. Since the direct effects of the crisis were greatest in the owner-occupied sector, we chose to concentrate on this sector. The basic premise for the analysis presented in Chapter 5 was that comparable exogenous developments (such as an economic crisis) give rise to different responses in the housing market and in housing policy due to differences in national market structures for rented and owner-occupied housing. Economic and demographic developments, combined with spatial planning policy, were identified as the most important exogenous factors, while the nature and size of the rental sector were regarded as the context.

In describing the structure of the home-ownership market, we distinguished between dynamic and static markets. This distinction is based on the results of the application of the structures of housing provision approach by Ball *et al.* (1988) and Martens (1990). Their distinction between segmented and unified markets and between diverse forms of owner-occupied housing provisions were fused into two types of markets: static (low turnover) and dynamic (high turnover). Dynamic housing markets are unified markets that are based on a process of gradually moving up and down the property chain and consist of a market for new construction in which owner-occupied housing is primarily built by commercial market players who develop properties at their own risk. In economic booms, the construction of new dwellings often targets the upper end of the market. As their housing preferences change, many homeowners opt to move house rather than extend or renovate their existing property. As a consequence, these types of markets tend to have high levels of mobility and a large number of transactions of existing owner-occupied dwellings. In static housing markets that are segmented markets, private individuals who commission the construction of new residential properties play a major role. In this kind of housing market, changing housing preferences are less likely to result in people moving house but rather in modifying their existing home. As a consequence, the system is typified by low levels of mobility and short housing chains. Our assumption was that dynamic markets, which have a high level of mobility, would be more vulnerable to economic trends because they rely on households that already own a dwelling trading up to a larger, more expensive property. In a period of econom-

ic recession, there is diminished confidence that incomes and house prices will rise. For this reason, many homeowners delay moving house. As a result, fewer dwellings are sold and mobility decreases. This can lead to a downward price correction, especially if this is combined with speculative building.

In the comparison presented in Chapter 5, the Netherlands, Ireland and the UK can be typified as having dynamic systems and Belgium and Germany as having more static systems. However, rather than making a crude division of the countries into two categories, it is better to see the first three countries at one end of a dynamic/static spectrum and the remaining two at the other end. The extent to which the housing market has been affected by the crisis appears to be in line with our assumptions about the sensitivity of different housing systems: dynamic markets are more sensitive than static markets. The effects of the crisis on the owner-occupied market are strongest in Ireland, followed by England. In these countries, the fall in house prices and transactions of existing and new dwellings was largest. These countries have limited stabilising factors as might be provided through government policy or the financing industry. Moreover, new dwellings are built speculatively, which, in Ireland, is combined with relatively light planning restrictions. The fact that the Dutch housing market has been hit less hard than the English and Irish housing markets may be attributable to the existence of many stabilising factors in the Dutch housing market. In Germany, the prices of existing dwellings show a relatively strong decline (especially in the years before the crisis), while other housing market indicators show strong stability. The house price decline in Germany is partly a result of the housing surpluses that existed before the crisis in many parts of the country. The Flemish housing market, which is a clear example of a static owner-occupied market, seems to be suffering least from the economic crisis. Accordingly, government housing policy responses have also differed between these countries. Whilst there were few housing (as opposed to financial market) measures in Belgium and Germany, there were significant sets of housing policy responses in the other three countries.

Although the impact of the crisis on the owner-occupied housing market and the significance of government policy responses was more marked in the more dynamic countries than in the countries with more static systems, the extent to which the general economies of the five nations have been affected by the crisis seems to follow the same pattern. Countries that have been severely affected are also confronted with the largest problems on the housing market. The question remains whether the major problems on the Irish and English housing markets and, to a lesser extent, on the Dutch housing market are a result of the structure of the housing system or are due to the heavier impact of the economic crisis in general. In this case, aspects like the structure of the labour market and the size of the financial sector may play a role. It is also possible that countries' national economic structures and their

housing market structures are related, resulting in a situation where a nation that is highly sensitive to the general economic climate also has a housing system structure that is sensitive to the economic climate.

9.3.4 Conclusion

In considering possible methodological approaches to an international comparative study, in this case on housing, we can distinguish three different 'schools'. The most important distinction between these three schools is the level at which analyses are carried out and, therefore, the choice of theoretical perspective (implicit or explicit). At either end of spectrum are the universalist approach, stressing similarities between countries and drawing especially on convergence theory, and the particularist approach, which focuses mainly on differences between countries and consequently rejects international comparative research as purposeless. Between these two extremes lie the middle-way approaches, offering a meaningful methodological basis for international comparative housing research, taking due regard of both differences and similarities. Crucially, middle-way approaches incorporate the elements of commensurability, context and theory. Commensurability relates to the identification of a key unifying feature for non-uniform phenomena. These phenomena need to be contextualised in order to give them 'meaning'; that is, to understand their place within the housing system. Lastly, we need a framework that can provide a structural overview of differences and similarities between countries. Frameworks of this kind often have the character of a typology. This requires a theoretical perspective as a theory is needed to explain how a typology is generated.

Depending on the nature and objective of the study, the researcher will need to decide where on the continuum between a particularist perspective, on the one hand, and a universalist perspective, on the other, the analysis will take place. This choice will ultimately determine the degree of commensurability that is accepted, the scope of the context in which the research phenomena are placed, and the theory applied. This framework can also guide the application of the SHP concept as part of a middle-way approach to comparative housing research, as demonstrated in Chapter 5. With commensurability as a basis, and applying a higher level of analysis, non-uniform forms of housing provision can be brought together in a typology. The SHP concept does not itself exclude any levels of analysis, as is also attested in Harloe's study on social rented housing (Harloe, 1995), in which he combines the SHP concept with a convergence theory (see subsections 1.3.3 and 1.3.5). This may be connected with the application of the SHP approach in a neo-Marxist framework in which the desire to accumulate capital is regarded as the main (common) driver of the actions of players in capitalist societies.

Aside from methodology, Chapter 5 also incorporates a substantive compo-

ment relating to the effects of the international financial crisis on different Western European housing systems. The results show that, in combination with the existing sets of explanations that arise from economic theories, the distinction between dynamic and static markets appears to be a promising way to classify housing markets and to explain why the international financial crisis had different impacts in different countries. However, a few comments should be made regarding both the setup and results of this exploratory study. Firstly, the typology formulated based on different types of markets and different types of housing provision was obtained through inductive reasoning, and is not theoretically substantiated. Additionally, although the results of the analysis affirmed expectations, it was not possible to determine whether this was due to the structure of the housing markets or to the impacts of the economic crisis on individual national economies. Finally, the housing market structure on which the analysis was based distinguishing between dynamic and static markets, focused chiefly on the owner-occupied sector. The rental sector was treated as a contextual element, without examination of the rental sector structure. I will return to these points in Section 9.6 when discussing some proposals for a research agenda.

9.4 Kemeny's theory as a framework for a comparative analysis of the development of housing systems now and in the future (research question 3)

9.4.1 Introduction

One of the most important conclusions to come out of the first research question is that exogenous factors do not necessarily lead to convergence of housing systems and that path dependency is a key driving factor in the continuing differences between housing systems. This gives rise to the question of how these differences can be analysed. Is it the case that an investigation and explanation of the characteristics of a housing system must be based on the development of the system itself, or are there recognisable patterns in the development of different housing systems among countries whose housing systems, now and historically, show greater or, conversely, fewer, similarities? If the latter is true, then Kemeny's rental market theory proves to be interesting, as he distinguishes different types of rental markets that can develop in different countries simultaneously.

The keystone of Kemeny's theory of rental markets is his distinction between unitary and dual rental systems (see Section 1.3.4 for an explanation). Hoekstra (2009; 2010) explored in how far Kemeny's typology of unitary

and dual rental markets is borne out by empirical data on the objective characteristics of housing markets. He tested four hypotheses on six countries: Austria, Denmark, the Netherlands, Belgium, Ireland and the UK. Kemeny sees the first three of these six countries as representative of a unitary rental market and the last three as representative of a dual rental market. Hoekstra (2009; 2010) concluded that the results of his analysis largely confirmed Kemeny's typology. In addressing the third research question, I do not focus on the type of rental system represented by individual countries but on how the rental system in these countries may develop in the future.

Using data from Chapter 6, Section 9.4.2 analyses potential future developments in the social rental sector in a number of Western European countries based on the typology developed by Kemeny for the development of the rental market. Section 9.4.3 subsequently presents the results of Chapter 7, in which I assess the viability of the integrated rental market model. According to Kemeny, this is the final stage in the development of a unitary rental market model.

9.4.2 Scenarios for the future of the social rental sector

Chapter 6 outlines a potential perspective for the future development of the social rental sector in six Western European countries (Belgium, Germany, France, Great Britain, Sweden and the Netherlands). This perspective draws on Kemeny's typology of rental markets, in which I place Kemeny's dual rental market on a par with Harloe's residual housing model, since both models assume a housing market in which the owner-occupied sector sets the standard and in which the social rental sector serves as a housing safety net for the most vulnerable population groups in the housing market.

This chapter sets out a number of similar trends that are evident within the various countries as regards both policy practice and developments in the housing market. These trends, which have already been discussed in considerable detail in Section 9.2, can be characterised as: home-ownership stimulus measures, including for lower income groups; lowering object subsidies in particular and reserving the remaining mainly subject subsidies for lower income groups; an increasing concentration of lower income groups in the social rental sector; an increase in rent-to-income ratios, particularly for lower income groups; and increasing emphasis on a market-oriented approach among social landlords. This last trend is gradually forcing social landlords to combine performance of their social task with a market-oriented approach. Based on the discussion of these corresponding trends and of the differences between the various countries regarding the extent to which these developments are occurring and the nature and size of the social rental sector, I conclude that the differences are too large to lend credence to the notion of but one single, uniform process of development in all six countries. There-

fore, drawing on the dual rental market model (Kemeny, 1995) and the residual housing model (Harloe, 1995), on the one hand, and the unitary rental market model (Kemeny, 1995), on the other, I outline three possible future scenarios for the development of the social rental sector across the six countries.

The first scenario relates to the development of a residual/dual rental market model. Such a scenario is not unrealistic for Great Britain and Belgium. In Great Britain, where home ownership is the norm, the social rental sector has undergone considerable contraction as a result of the mass selling off of dwellings, and is increasingly gaining the character of a safety net with the high and rising concentration of lower income groups in this sector. Historically, home ownership has also been the norm in Belgium, and the country's extremely small social rental sector is characterised by a fairly high concentration of lower income groups. Its considerably larger commercial rental sector has limited rent protection, with no facilities for subject subsidies in this sector. The second scenario traces a development in the direction of a unitary rental market model. Countries such as Sweden, the Netherlands, Germany and possibly also France are in a much better starting position in this regard than Great Britain or Belgium. Relationships between the various tenures is more balanced in these countries and the social rental sector is less predominated by lower income groups. Aside from these two scenarios formulated on the basis of Kemeny's (1995) and Harloe's (1995) typologies, in Chapter 7 I identify a further third scenario: the residual unitary rental market scenario. This scenario could develop as a consequence of the fact that social landlords are increasingly faced with the need to combine the performance of their social task with a market-oriented approach. As soon as a share of these social landlords begin placing market demand over and above their social task, and focus on the more lucrative business of housing higher income groups, a residualised sub-sector may yet emerge in what began as essentially a unitary rental market. Sweden and Germany are the most likely possible candidates for such a scenario. In Sweden, increasing pressure on the housing companies to work more in line with the market has led to increased risk selection of tenants. This is tightening the pressure on municipalities, in turn, to provide housing for households and, as Turner and Berger (1998) point out, may eventually give rise to the need to establish a safety net in the form of a social rental sector in Sweden, where such a sector does not yet exist. In Germany, where non-profit landlords have lost their special tax status, the end of the subsidy period will free them from the obligation to let their properties on a social basis.

These scenarios indicate that even though trends in different countries may at first glance seem similar, they may yet develop alternatives for a pathway towards a residual/dual market model. The direction in which the social rental sector ultimately develops in each individual country will depend not only on housing policy but also on the economic and social policy imple-

mented in response to economic developments and developments in the housing market. Because of the importance of this social and economic context, a development towards a particular scenario will need to target a broader domain than housing alone.

9.4.3 The viability of the integrated rental market

According to Kemeny *et al.* (2005), a unitary market can develop into an integrated rental market. An integrated market is characterised by a large and mature non-profit sector that can supply adequate housing to low income families and affordable housing throughout the business cycle. In a unitary rental market, such a non-profit rental sector is sufficiently developed and established that it is able to compete effectively with profit renting without the need for invasive regulation or being given either special protection or special responsibilities (Kemeny *et al.* 2005: 856). The integrated rental market model may be relevant to discussions within the European Union about the creation of a level playing field between non-profit and for-profit providers of rental housing.

In Chapter 7 we analysed whether such an integrated rental market is viable in the long term and, if so, whether this integrated rental market will provide housing for vulnerable groups in the housing market. Because the integrated rental market does not – or does not yet – exist anywhere in practice, the analysis had the character of a theoretical examination. Since the integrated rental market model is based on competition, and the notion of competition is an economic concept, we relied primarily on economic theories, though we also used institutional organisation theory.

As regards the viability of an integrated rental market, and of non-profit organisations in it, we concluded that, although the cost price of non-profits is not necessarily lower than the market price, non-profits may be able to survive without government protection due to the asymmetry of information or trustworthy argument, which gives them a unique selling point. But this competitive advantage of non-profits is not self-evident in the long run. Isomorphism and the disappearance of trust pose especially serious threats to the viability of non-profit organisations in an integrated rental market. We suggested that voluntary accountability clubs (Prakash and Gugerty, 2010) with high standards and significant enforcement could provide a solution here.

But will this integrated rental market supply housing for vulnerable groups? We concluded that an integrated rental market does not guarantee an adequate supply of housing for vulnerable groups. Within a competitive environment, discrimination against tenants with a high risk profile, even if they are eligible for housing allowances, can only be avoided if a social task is defined by government and, at least for a part of the housing market, allocation by the price mechanism is replaced by allocation by need.

From a theoretical point of view we suggested a contract model for the selection of social housing providers (who might be non-profits or for-profit organisations) as an alternative model in which need-based allocation for part of the housing market is combined with full competition between non-profits and for-profit providers. In this model, government subsidies can be used as a trade-off for fulfilling a social task; namely: supplying housing for vulnerable groups without discrimination against tenants with a high risk profile. Further, in this model the government decides on the degree of substitutability or choice these groups have in the housing market. Using Kemeny's terminology, we characterised this model as an integrated dual rental market. It is a dual market in the sense that it is segregated into a social segment where allocation is based on need and a market segment where the allocation mechanism is price. It is an integrated market because neither non-profits nor for-profit suppliers have special tasks or responsibilities beyond their contract and there is full competition between the two types of suppliers in both segments of the rental market. Although government involvement is essential in this model, there is no need for special government protection or positive discrimination for either of the two types of suppliers.

Finally, we concluded that although this contract model is 'Europe proof' because it is founded on full competition throughout the rental market, governments may in practice opt instead to assign the 'social task' of providing housing for vulnerable groups to (the existing) non-profit organisations. This could be because there is a high degree of path dependency involved in housing policy or because of the non-contractible quality and the trustworthy argument – that is, provided inefficiencies and agency slippages can be limited by government regulation and by non-profit sector initiatives such as voluntary accountability clubs.

9.4.4 Conclusion

Kemeny's theory contains a number of different elements that make it valuable as a framework for international comparative research. Firstly, by identifying different development pathways characterising the rental sector, the theory makes it possible to conduct a structured analysis of differences between the rental sectors in individual countries. Moreover, where this is useful in the context of the study being conducted, Kemeny's typology can be fleshed out with 'alternative' models, as was done in Chapter 6 (residual unitary model) and Chapter 7 (integrated dual model). Kemeny's typology has furthermore been empirically tested against objective characteristics of housing markets (Hoekstra, 2009; 2010). However, insofar as known, no such assessment of the explanatory mechanism underpinning his theory has ever yet been carried out; this is a point to which I will return in Section 9.6.

Secondly, as the different rental market models that he identifies also reflect different policy strategies, his theory can also be applied towards the evaluation and formulation of policy, though more as a reference framework for what constitutes a cohesive policy strategy than in terms of individual policy instruments. One of the theory's limitations is that it is primarily concerned with the rental market and does not scrutinise the structures of the owner-occupier sector.

Where Kemeny's rental market models are taken as a basis for policy formation, it does not really suffice to only outline a development trend. There also needs to be an indication of the end stage of the development process. In the case of the dual model, this end stage is clear: a segmented market in which the non-profit rental sector serves as a safety net. The unitary system is characterised by Kemeny as a development trending towards an integrated rental market model (Kemeny *et al.*, 2005). But because this model does not – or does not yet – exist in practice, it is debatable whether it can be regarded as a realistic end stage. Based on a theoretical examination, our main conclusion is that although non-profits may be able to survive without government protection, the integrated rental market does not guarantee an adequate supply of housing for vulnerable groups. Within a competitive environment, discrimination against tenants with a high risk profile can only be avoided if a social task is defined by government. This means the integrated rental market cannot represent the end stage in the development of a unitary rental system as Kemeny defined it. It is only possible to guarantee good housing for vulnerable groups in a competitive housing market if there is both a need-based allocation mechanism rather than one that is based on price as well as an income-related housing allowance. By definition, such a market must therefore be a segmented market.

From a theoretical point of view, full competition is also possible in such segmented markets, for instance in the form of a contract model as is found in Germany. However, it is debatable whether there are many other countries that would regard this model as a realistic alternative for their existing systems. Path dependency and the non-contractible quality may lead to a decision to keep the social task with legally anchored non-profit organisations, while relying on government regulations and control to prevent inefficiencies and agency problems. In that case, a form of unitary system represents a provisional 'end stage'. Alongside permitting non-profits to be active in areas beyond solely the provision of housing for more vulnerable population groups in the housing market, this also requires policy that is as tenure neutral as possible. By a tenure neutral policy I mean that tenure choice is not influenced by government policy. This is considered in further detail in the discussion of the fourth research question.

9.5 The divergence theory as a framework for the development of the housing system in individual countries now and in the future (research question 4)

9.5.1 Introduction

Chapter 8 focuses on developments in the social rental sector in the Netherlands. Since the time that this chapter was written in 2007, much has happened. First there was the worldwide financial crisis in 2008, followed by an economic crisis. In 2010, the Dutch centre-left government collapsed, to be succeeded after the elections by a centre-right coalition. These events have also had ramifications for the threats to the Dutch social rental sector discussed in Chapter 8, though the three themes do remain relevant: The European Union's competition policy, political support for the non-profit rental sector in the Netherlands and competition from the owner-occupied housing sector. Without getting into all the subtleties of the new situation, in the section that follows I will briefly outline the relevant developments that have taken shape in the Netherlands since 2007.

9.5.2 The unitary rental market in the Netherlands

Chapter 8 seeks to create a framework for the current and future development of the housing system in a single country using the theory of rental markets formulated by Kemeny as a basis for international comparative research. Leading off the discussion is the case of the Dutch rental market, which in recent decades has been trending towards a unitary rental market model. The country's non-profit sector is 'mature' (perhaps even over-mature), is financially independent and is not exclusively dedicated to lower income housing. Three possible threats to the continued development of the unitary rental market model in the Netherlands are identified and examined in this chapter; namely:

- *The European Union's competition policy.*

In the Dutch rental housing market, the non-profit sector and for-profit sector do not operate on a level playing field. The non-profit rental sector has a clear-cut social task that the for-profit rental sector does not have. This is offset by the fact that the non-profit rental sector enjoys financial benefits² that the for-profit sector does not and which apply not only to their social task but to their entire housing stock. As a consequence, housing associ-

² The value of the loans guaranteed under the public-sector backstop at the Dutch Social Housing Guarantee Fund (Waarborgfonds Sociale Woningbouw, or WSW).

ations can provide implicit subsidies for activities carried out beyond the bounds of their social task in the form of lower rents.

The competition framework of the European Union is intended to create a level playing field for market activities and to prevent any state aid from distorting competition for commercial services provided by the market. Compensation may be granted, however, to entities providing Services of General Economic Interest (SGEI). Such compensation is subject to certain conditions. Amongst other things, there must be a clear delineation between public service and non-public service activities. In a 2005 letter to the Dutch government, the European Commission recommended measures the Dutch Government should take to prevent state aid from leaking into activities that are performed in competition. At the end of 2009, the Dutch government and the European Commission reached agreement on these measures, under which a minimum of 90% of rent-controlled dwellings due to fall vacant must be allocated to households with an annual taxable income of no more than €33,000 (reference date 1 January 2010), and stipulating a separation of accounts between the development of rent-controlled housing (social task) and non-rent controlled housing (Priemus and Gruis, 2011). Commercial activities are not permitted to partake in the financial benefits housing associations still enjoy. The income threshold for allocations has been in effect since 2011, and provisions on the separation of accounts will be laid down in the new Housing Act that is expected to enter into force in 2013.

These measures are integral to the creation of a level playing field in a unitary market, in which non-profit organisations continue to hold responsibility for the social housing task. Initially, we regarded the decision to require a legal separation of social and commercial activities as a threat as it increases the likelihood of a splitting up of the social and the commercial activities, leaving a residualised social sector. In Section 9.4.2 I described a scenario of this kind as a residual unitary rental market scenario. However, as long as a choice is made for an accounting separation instead of a legal separation, it is perhaps less likely that such a residual unitary rental market will develop.

■ *Political support for the non-profit rental sector in the Netherlands.*

After the housing associations had become financially independent of the government by means of the 'grossing and balancing operation' in 1995, their capital increased considerably. At the same time, the associations increasingly became the subject of political discussion. An important element in this discussion was whether they were using their capital sufficiently and efficiently. As well, recent years have witnessed a series of incidents in the non-profit rental sector in the Netherlands involving gold-plating, fraud and financial incompetence. These incidents – some with major financial ramifications – have done little to foster political support for the

sector.

Dutch government bodies are showing ever greater interest in deploying the resources available to housing associations. In the last few years housing associations have lost their special tax status, have become subject to a new requirement to contribute to a fund that can be used for a broad range of physical, social and economic activities in forty problem neighbourhoods, and from 2013 will also be required to contribute to funding for housing allowances (together with for-profit landlords). The most recent cabinet, which has since resigned, also introduced plans for a 'Right to Buy' programme in the Netherlands, giving tenants the right to buy the dwelling they occupy at a discounted price. Such constructions, which withdraw capital from the housing associations, can lead to a reversal of the maturation process.

■ *Competition from the owner-occupied housing sector.*

Dutch housing policy is not tenure neutral. Tenants and homeowners receive financial support, but in the owner-occupied sector support increases as income increases, while in the rental sector support increases as income decreases. The owner-occupied sector is therefore more attractive for people with higher incomes and the rental sector for those with lower incomes. A far-reaching change in the fiscal treatment of owner-occupiers has so far proved politically impossible in the Netherlands. Over the past decades, income growth and the low interest rates extended by financial institutions have helped to boost the owner-occupied segment, leading to substantial growth in this sector (and pushing the national mortgage debt up to more than €650 billion). Moreover, both the European Union and the Dutch government have been persistent in pointing out the great advantages of owning a home. In time, these developments can give rise to a situation in which home-ownership is the norm and the non-profit rental sector is relegated to the status of safety net; that is: a dual rental market model.

We concluded that the implicit encouragement by the European Union and the explicit support for home ownership in the member states may be the biggest threat to the development of the unitary rental sector, also in the Netherlands.

9.5.3 Conclusion

Based on the analysis carried out in Chapter 8, we can conclude that Kemeny's typology of rental market models can also be used to characterise developments in individual countries, where it can be applied to the evaluation both of existing policy and related developments in the housing market and of planned future policy and its possible effects. However, the typology is better suited to evaluating policy directions (or policy strategies) than it is

to assessing individual instruments or specific adjustments in such instruments.

In considering the development of the rental market in the Netherlands, it can be concluded that the market is continuing to move in the direction of a unitary rental market model. The non-profit rental sector is independent and still has an adequate financial basis, even if its financial position has deteriorated in recent years. The introduction of an accounting separation between social and commercial activities, together with the restriction of financial benefits to social activities alone, has levelled the playing field between non-profit and for-profit landlords, whilst enabling housing associations to remain active in areas beyond solely the provision of housing for low income population groups. Under this arrangement, the social task of supplying housing for low income groups without use of risk selection is – for the time being – still specifically charged to the housing associations. The social rented sector as a whole is regulated under the Housing Act whilst for the performance of their social task, the housing associations are subject to the regulations laid down in the Social Rental Sector Management Order, or BBSH (Dutch abbreviation). The new Housing Act expected to enter into force in 2013 places a strong emphasis on the relationship between housing associations and municipalities, supervision of housing associations and the separation of accounts between social and non-social activities.

The threats signalled in Chapter 8 are still relevant today. As indicated above, the Dutch governmental agreement with the European Commission regarding the social rental sector appears to pose no further threat to the development of a unitary rental market in the Netherlands. However, aside from the problems that implementation of this agreement will create for middle income housing (Council for the Environment and Infrastructure, 2011), debate about the relationship between social housing, state aid and competition policy in Europe has by no means been settled (Priemus and Gruis, 2011). As such, it is not yet clear whether the current agreement will actually be upheld, particularly since this EU policy has not yet been adopted anywhere outside the Netherlands and Sweden.

A definite threat to the future development of a unitary rental market is lack of tenure neutral policy. Although the financial crisis and economic crisis that followed seem to have suspended the strong growth trend in the owner-occupied sector in the Netherlands, at least for the time being (see Chapter 5), the fiscal treatment of home ownership has hardly changed at all over the last few years. Thanks in part to several reports presenting detailed proposals for an integral reform of Dutch housing policy, and also ‘thanks’ to the economic crisis, which has helped crystallise the risks of maximising the tax benefit provided to finance home ownership, the possibility of changing the fiscal treatment of home ownership now seems to have been freed from its political taboo (Ministry of Housing, Spatial Planning and the Environment

Council, 2007; SER-CSED, 2010; Wonen 4.0, 2012).

The most recent integral plan for Dutch housing market reform (Wonen 4.0), presented in May 2012 by umbrella organisations for the housing associations, owner occupiers, tenants and real estate agents, does include a proposal for a tenure neutral ownership policy. Under this plan, which is fully in line with the unitary rental market model, the home mortgage interest deduction would be gradually phased out and replaced with an income-based housing allowance for buyers and renters. The plan makes a clear distinction between housing market policy and income policy: rents will gradually be brought in line with the market, with compensation for lower income groups in the population in the form of the housing allowance. Housing associations will initially continue to facilitate housing without risk selection for low income groups, but will also be permitted to rent accommodation outside this target group. Under this plan, for-profit providers can also take advantage of the financial benefits offered to housing associations if they are prepared to rent housing under the same conditions.

It remains to be seen in the years ahead and after the election of the new cabinet if this reform plan will actually be implemented, either wholly or in part. This will be determined in part by a factor that could threaten the development of a unitary rental market; namely: the degree of political support for the unitary market strategy in general and, more particularly, for the role this strategy assigns to the housing associations. Aside from discussion surrounding the aforementioned issues of efficiency, size and use of capital, incompetence and fraud, such political support – or its absence – may perhaps depend to an extent on the party-political composition of the governing coalition and the strength of the drive for austerity following several years of rising budget deficits. Moreover, the Dutch parliament decided on organising a parliamentary inquiry committee on housing associations, in which the parliament will open an investigation into the associations' performance. The results of this inquiry may have far reaching consequences for the position of housing associations within the Dutch housing system. Or might the path dependency of the Dutch housing system (see Section 9.2) be so strong that turning the tide away from the development towards a unitary rental market model will prove to be too difficult? Further analysis comparing the evolution of political power relations in the Netherlands over the last decades with the historical development of housing policy may be able to help answer this question, to which I will also return in the next section.

9.6 Research agenda

9.6.1 Introduction

In Chapter 1 I indicated that the individual chapters of this dissertation would provide a detailed examination of the path along which international comparative research has developed at the OTB and to the extent that I have been involved in such research. The analyses conducted in all the included articles, and equally their consideration in the light of the research questions underlying this thesis, have engendered various follow-up questions on a range of themes. In this final section I would like to pick out and discuss a few of these themes.

9.6.2 Determining the social structure of societies

Though international comparative studies have made frequent use of Kemeny's theory on the development of rental markets within an international framework, few attempts have been made to test them. Hoekstra (2009; 2010) tested Kemeny's typology on the basis of empirical data and Chapter 7 of this dissertation presented a theoretical examination of Kemeny's integrated rental market model. However, so far no one has tested the central explanatory mechanism in Kemeny's theory of rental market models, which revolves around the ideological nature of the social structure of societies. In his thesis, Hoekstra (2010) came to a similar conclusion regarding the theory of power and class coalitions underpinning Esping-Andersen's typology of welfare states.

According to Kemeny (1992: 111), the social structure of a society is expressed in the degree of collectivism or privatism that it exhibits. This social structure, in turn, plays a key role in determining the nature both of the welfare state and of the housing system. While acknowledging the importance of developing a – quantifiable – yardstick for measuring the degree of collectivism or privatism in the social structure of a society, the sheer complexity of doing this may make it impossible, says Kemeny (1992: 119). I believe it would be worthwhile to at least attempt to establish such a measurement tool, for example modelled on the European Values Study Surveys (EVS) or the World Values Survey (WVS) (see Halman *et al.*, 2012). As these surveys span a period of several decades, albeit using adjusted questionnaires, they make it possible to plot developments over the course of time.

9.6.3 Rental market strategy, path dependency and political and ideological factors

In Chapter 1 we concluded that from an international comparative perspective there is no clearly definable relationship between the political and ideo-

logical background of a government and its housing policy. We attributed this to government's short-term response to economic trends and allied developments in the housing market, on the one hand, and the role of path dependency in policy formation and implementation, on the other. These factors limit governments' capacity to achieve their political objectives. Bengtsson (2012: 165) indicates that a path dependent change may not be the obvious course, but neither is it impossible. Kemeny (1992) explains 'resistance' to changes in the nature of welfare states in general, and housing systems in particular, based not on the notion of path dependency but instead on dominant ideologies, which are a reflection of the success of certain vested interests over a number of decades in the determination of the social, economic and political agenda. Kemeny sees political power as a means of anchoring an ideology (dominant or otherwise) in the social structure via the political and legislative system.

In considering the fourth research question, I indicated that policy decisions are continuing to push the development of the Dutch public housing system in the direction of a unitary model. But whilst the economic crisis has lifted the political taboo on the possibility of housing market reforms, it could equally be a window of opportunity for an alternative policy strategy, such as a dual strategy. Though the outcome still remains to be determined, I believe further analysis in the years ahead, comparing the evolution of political power relations in the Netherlands over the past decades with the historical development of housing policy, could provide meaningful input for the analysis of the future development of the Dutch system.

In fact, such an analysis could provide useful insight into the development of political power relations in not only the Netherlands, but in Europe as a whole. Housing may not be a European issue, but through its decisions in areas such as competition policy the European Union certainly does exercise an influence on the political and legislative framework underpinning the Dutch housing system. In the new Dutch Housing Act slated to enter into force in 2013, for example, the influence of Europe is immediately evident. Until now, however, the Netherlands is one of the few countries, apart from Sweden (El-singa and Lind, 2012), to have felt the impact of EU competition policy on its rental market.

9.6.4 Competition and non-profits

In Chapter 7 we assessed Kemeny's integrated rental market model using primarily economic theories. Based on the results of this analysis, I suggest at least two areas for further research. In the first place, it proved quite difficult to apply economic theories about non-profit organisations specifically to non-profit landlords. A large share of the theoretical literature, especially from the United States, relates mainly to non-profits that are charities, in

which donors play an instrumental role, and not to organisations that must compete with other parties in a commercial market. Neo-institutional economics, and in particular theories relating to transaction costs, may offer a stronger theoretical nexus in which to situate non-profit housing providers (Gibb, 2012). Secondly, Chapter 7 presented an alternative to Kemeny's integrated rental market model, formulated around a competitive framework that we developed in Haffner *et al.* (2009) to facilitate the comparison of market and social renting trends in a number of Western European countries. This competitive framework is based on the concepts of rivalry and substitutability and could potentially be used to build concrete – and thus more tangible – models from Kemeny's 'continuum' of dual to integrated rental market models, premised either on full or partial competition. In a subsequent phase these models could then be compared with each other. Taking the Netherlands as an example, a comparison could be made between a contract model and the current model, in which the 'social task' (housing the most vulnerable population groups in the housing market without the application of risk selection) is assigned to the housing associations. Such a comparison should also take account of the funding mechanism for this 'social task', including the business models used by (social) housing providers. For the evaluation of the contract model, the German model of social housing provision could be used.

9.6.5 Housing systems, social structure and economic structure

Chapter 5 analysed the impact of the economic crisis on the housing market and housing policy in a number of countries in Western Europe. We hypothesised that the impacts of the crisis would be larger in dynamic markets than in static markets. Though the findings conformed to these predictions, we were unable to determine whether this was due to the structure of the housing markets or to the impact of the economic crisis on the respective domestic economies. We assumed that there may be a link between the structure of a country's economy and the structure of the housing market, which would result in a process where a nation that is highly sensitive to the general economic climate also has a housing system structure that is sensitive to the economic climate.

Over the past few years, various researchers have argued in favour of anchoring housing research, including international comparative research, more firmly in the development of welfare states (Hoekstra, 2010; Kemeny, 1992; 2006; Lennartz, 2011; Stephens, 2011). Following from the results of the analysis presented in Chapter 5, I would argue for looking not only at the relationship between welfare states and housing but also at the relationship (the interaction) between the housing market structure and the (nation-

al) economic structure, particularly when considering the effects of economic developments. Where housing market structures are concerned, this will also need to involve consideration of the role that the social (and commercial) rental sector plays in the housing market and on financing for rental and owner-occupied housing. When defining economic structure, the structure of (and mobility in) the labour market and the structure and size of the financial sector will also have to be factored in. How individual countries deal with risks could provide an opening for such an analysis. Neuteboom (2008: 80), for example, has already demonstrated that, although all owner-occupiers are risk-averse, UK households exhibit significantly less risk-aversion than comparable households in countries like Belgium and the Netherlands.

Finally, in Chapter 5 we established that combining the distinction between dynamic and static markets with existing economic theory-based explanations may offer a promising approach to the analysis of housing markets. The typology we formulated from looking at different types of markets and different structures of housing provision was obtained through inductive reasoning, however, and is therefore not theoretically substantiated. Such substantiation may perhaps be sought in Esping-Andersen's (1990) theory of welfare states, in which countries with a static market (such as Germany and Belgium) could be classed as conservative corporatist countries and those with a dynamic market (such as the UK and Ireland) among the liberal countries. With its dynamic market combined with a relatively large number of stabilising factors, the Netherlands could then be classed among the modern corporatist countries (Hoekstra, 2010). According to Hoekstra (2010: 47) modern corporatism is characterised by emphasis on private initiative, an indirect influence of central government and correction mechanisms for observed negative effects of the free market.

Ultimately, the housing system's position between the welfare state and national economic structure, on the one hand, and between sociologically-driven theories about the welfare state and economic theories, on the other, may simply be characteristic for 'the wobbly pillar under the welfare state' (Torgersen, 1987).

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Samenvatting

West-Europese volkshuisvestings-systemen in een vergelijkend perspectief

Harry van der Heijden

1 Opzet van het proefschrift (hoofdstuk 1)

Inleiding

Centraal in dit proefschrift staat het vergelijken van volkshuisvestingssystemen in een aantal West-Europese landen. Dit proefschrift wil specifiek een bijdrage leveren aan de wetenschappelijke discussies over internationaal vergelijkend volkshuisvestingsonderzoek. De bijdrage bestaat uit een beter inzicht in de onderzoeksmethoden die kunnen worden gebruikt en in de mate waarin bestaande theorieën een goed analysekader bieden voor het verklaren van verschillen en overeenkomsten in de ontwikkeling van volkshuisvestings-systemen. Daarbij speelt de bruikbaarheid van dit analysekader voor toekomstige beleidskeuzen een belangrijke rol.

Het proefschrift bestaat uit een inleiding (hoofdstuk 1), zeven artikelen waarvan er zes zijn gepubliceerd en één is ingediend maar (nog) niet gepubliceerd (hoofdstuk 2 tot en met 8) en een concluderend hoofdstuk (hoofdstuk 9). De artikelen geven overigens ook een goed beeld van de ontwikkeling die het Onderzoeksinstituut OTB heeft doorgemaakt op het gebied van internationaal vergelijkend volkshuisvestingsonderzoek: van beschrijvende analyses naar theoretische verdieping en een toenemende aandacht voor methodologische aspecten.

In dit samenvattende hoofdstuk wordt eerst het volkshuisvestingssysteem nader gedefinieerd en wordt ingegaan op het begrip 'padafhankelijkheid' en op de relatie tussen het volkshuisvestingssysteem en de verzorgingsstaat. Vervolgens worden de belangrijkste theoretische benaderingswijzen in het internationaal vergelijkend onderzoek kort toegelicht en wordt ingegaan op verschillende onderzoeksmethoden voor internationaal vergelijkend onderzoek. Daarna volgt de beantwoording van de onderzoeksvragen.

Het volkshuisvestingssysteem

Priemus definieerde in 1983 een volkshuisvestingssysteem als het complex van partijen, inclusief de vele relaties en interacties tussen deze partijen, die betrekking hebben op de volkshuisvesting. Verder wijst Priemus (1983: 5) erop dat 'de omgeving' van groot belang is voor een volkshuisvestingssysteem. Daarbij moet vooral gedacht worden aan economische, demografische, politieke en ruimtelijke factoren, die niet alleen van invloed zijn op het volkshuisvestingssysteem maar op hun beurt weer worden beïnvloed door het volkshuisvestingssysteem. In Boelhouwer en Van der Heijden (1992) wordt op deze definitie voortgebouwd, waarbij binnen het volkshuisvestingssysteem onderscheid wordt gemaakt tussen de organisatie van de woningmarkt (de

institutionele structuur), de daarbij betrokken actoren en het gevoerde volkshuisvestingsbeleid. Deze factoren zijn in wisselwerking met exogene factoren (de omgeving) bepalend voor de objectieve woningmarktkenmerken. Deze objectieve woningmarktkenmerken hebben betrekking op de output van het systeem, zoals de omvang en samenstelling van de woningvoorraad, de woningproductie, de verdeling van huishoudens over de woningvoorraad en de woonquote.

De concrete uitwerking van het volkshuisvestingssysteem kan verschillen, afhankelijk van het doel van het onderzoek. Twee elementen zijn daarbij van belang: de interactie tussen actoren en instituties 'binnen' het volkshuisvestingssysteem en de interactie tussen het volkshuisvestingssysteem en de omgeving: de context. Daarbij is de afbakening tussen het volkshuisvestingssysteem en de context niet evident. In dit kader is het goed om bij twee aspecten nader stil te staan: de rol van het verleden in de ontwikkeling van volkshuisvestingssystemen en de relatie tussen volkshuisvesting en de verzorgingsstaat.

Padafhankelijkheid

Bij het verklaren van verschillen en overeenkomsten tussen volkshuisvestingssystemen en tussen (voorgenomen) beleid in verschillende landen spelen de gevolgen van in het verleden gevoerde beleid en de daarbij gevormde instituties een belangrijke rol. Veelal wordt het verleden gerekend tot de context van een volkshuisvestingssysteem. Het belang van het verleden voor het begrijpen van de huidige situatie van een volkshuisvestingssysteem en voor de mogelijk toekomstige ontwikkeling ervan, wordt weergegeven door het begrip 'padafhankelijkheid'. Hiermee wordt bedoeld dat in het verleden gemaakte beleidskeuzes beperkend werken voor toekomstige beleidskeuzes (Kleinman, 1996: 181). De geschiedenis van een volkshuisvestingssysteem vormt dus een belangrijk onderdeel van de context.

Relatie tussen volkshuisvestingssysteem en verzorgingsstaat

Volkshuisvesting wordt samen met onderwijs, gezondheidszorg en sociale zekerheid, gezien als onderdeel van de verzorgingsstaat. Daarmee kan 'de rest' van de verzorgingsstaat worden gezien als onderdeel van de context van het volkshuisvestingssysteem. Binnen de verzorgingsstaat neemt de volkshuisvesting een aparte positie in. In tegenstelling tot de andere drie poten van de verzorgingsstaat is de volkshuisvesting nooit op een universele wijze op basis van behoefte beschikbaar geweest. Voor Torgersen (1987: 116) was dit de aanleiding om de volkshuisvesting 'de wankelste pilaar onder de verzorgingsstaat' te noemen.

De relatie tussen het volkshuisvestingssysteem en de verzorgingsstaat komt in dit proefschrift niet expliciet aan de orde. Wel sluiten de vergelijkbare trends in de naoorlogse ontwikkeling van volkshuisvestingssystemen die

in dit proefschrift worden beschreven aan bij de door Esping-Andersen (1990) beschreven trends in de ontwikkeling van verzorgingsstaten. Het economische succes in de naoorlogse periode en de daarmee gepaard gaande opbouw van de verzorgingsstaat, wordt door Esping-Andersen (1990) voor een belangrijk deel toegeschreven aan een overeenkomst tussen werknemers, werkgevers en overheid. Hierbij werd de opbouw van de verzorgingsstaat 'uitgeruild' tegen loonmatiging. Maar hoewel een dergelijke overeenkomst in veel landen werd gesloten, waren er grote verschillen tussen landen in de uitwerking en institutionele vormgeving (Esping-Andersen, 1990: 187).

In deze situatie kwam in de loop van de jaren zeventig en tachtig verandering, mede onder invloed van gewijzigde economische omstandigheden. Esping-Andersen stelt dat de economische crisis bovendien werd versterkt door de beperkingen van de gesloten overeenkomst. Immers, in een periode van economische crisis en bijbehorende werkloosheid nemen de belastinginkomsten af, terwijl het beroep op de verzorgingsstaat toeneemt. Er moest een keuze worden gemaakt tussen het aanpassen van de verplichtingen van de verzorgingsstaat of het financieren van deze verplichtingen met overheidstekorten (Esping-Andersen, 1990: 187). Mede als gevolg van de Europese Economische en Monetaire Unie, en de in dat verband geformuleerde convergentiecriteria (Priemus *et al.*, 1993) was de tweede optie voor veel West-Europese landen niet reëel. De combinatie van crisis en economische herstructurering heeft vervolgens geleid tot een herstructurering van de verzorgingsstaat (Boelhouwer en Van der Heijden, 2005: 77). Een alternatieve benadering werd ontwikkeld: die van de 'Enabling State' (Gilbert, 1995). In veel landen werd getracht de verzorgingsstaat om te vormen van een vangnet tot een trampoliene (Boelhouwer en Van der Heijden, 2005: 78).

Theoretische benaderingswijzen voor internationaal vergelijkend onderzoek

Sinds de jaren zestig van de vorige eeuw worden er in het internationaal vergelijkend volkshuisvestingsonderzoek theorieën ontwikkeld. Drie theorieën die in de loop van de tijd een paradigmatische status hebben bereikt, worden hier achtereenvolgens besproken. In de eerste plaats de convergentietheorie, die populair was in de jaren zestig en zeventig, maar ook nu nog (impliciet) wordt toegepast. Het betreft een ontwikkelingstheorie die door Donnison is toegepast op de volkshuisvesting. Vervolgens een reactie uit de jaren tachtig en negentig vanuit een neomarxistische invalshoek. Ball, Harloe en Martens hebben daartoe het concept 'Structures of Housing Provision' ontwikkeld, later door Harloe uitgewerkt in een cyclische theorie over de ontwikkeling van de sociale huursector. Als derde de divergentietheorie, in de jaren tachtig en negentig ontwikkeld door Kemeny op basis van de labour movement theorie (Korpi, 1983; 1987).

In tabel 1 zijn de belangrijkste elementen van deze drie theorieën weer-

Tabel 1 Belangrijkste karakteristieken van drie toonaangevende benaderingen in internationaal vergelijkend volkshuisvestingsonderzoek

	Convergentietheorie	Theorie van sociale huisvesting	Divergentietheorie van de dynamiek in huurmarkten
Theoretisch perspectief	Donnison Ontwikkeling 'logic of industrialism' De onder invloed van het	Harloe Neomarxistische politieke economie; regulation-theorie	Kemeny (Constructivistische uitwerking van de) labour movement-theorie
Belangrijkste beïnvloedende factor voor de ontwikkeling van volkshuisvestingssystemen	industrialisatieproces optredende economische en demografische ontwikkeling	De ontwikkeling van de sociaal-economische structuur van kapitaal-accumulatie	Het ideologisch karakter (collectivisme-privatisme) van de sociale structuur van een samenleving
Proefschrift	Als gevolg van een convergentie van de economische en demografische ontwikkeling is er, onafhankelijk van politieke en ideologische factoren, in geïndustrialiseerde samenlevingen, sprake van een convergentie van de volkshuisvestingssituatie en van het karakter van het volkshuisvestingsbeleid.	Substantiële decommodificatie in de volkshuisvesting treedt alleen op als het niet mogelijk is om via de markt (winstgevend) voldoende huisvesting te realiseren én als dit negatieve maatschappelijke en economische gevolgen heeft.	Verschillen in het ideologisch karakter van de sociale structuur van samenlevingen leiden tot verschillende beleidsstrategieën en tot het ontstaan van verschillende huurmarkten.
Analytische instrumenten	<i>Fasen</i> in economische ontwikkeling (van laag naar hoog), de huisvestingssituatie (van slecht naar goed) en het karakter van volkshuisvestingsbeleid (van residueel naar veelomvattend)	<i>Perioden</i> in de ontwikkeling van het kapitalisme met daaraan gekoppeld de ontwikkeling van structuren van (sociaal) woningaanbod (grootschalig en residueel)	<i>Strategieën</i> (social strategies and profit market rental strategies) met daaraan gekoppeld typen huurmarkten (geïntegreerde, unitaire en duale huurmarkten)

gegeven. De convergentietheorie is gericht op een ontwikkelingstraject van zeer lange termijn, waarin verschillen tussen landen worden toegeschreven aan de verschillende economische ontwikkelingsfasen waarin die landen zich bevinden. Over de toekomstige ontwikkelingsrichting van volkshuisvestingssystemen en de rol die de overheid in postindustriële samenlevingen daarbij speelt, zegt de convergentietheorie niet veel meer dan dat de complexiteit van deze samenlevingen noopt tot een blijvende en 'brede' betrokkenheid van de overheid bij de volkshuisvesting als integraal onderdeel van de verzorgingsstaat. Wel geeft de theorie aan dat er tussen landen die zich in eenzelfde economische ontwikkelingsfase bevinden, sprake is van voorlopers en achterblijvers. Daarbij wordt er impliciet van uitgegaan dat de achterblijvers uiteindelijk het traject zullen volgen dat de voorlopers hebben doorlopen.

In Harloes theorie speelt de economische structuur van kapitaalaccumulatie een belangrijke rol. Voor de volkshuisvesting betekent dit volgens Harloe dat er alleen sprake zal zijn van een relatief omvangrijke sociale huursector (grootschalig model) wanneer via de markt niet kan worden voorzien in voldoende huisvesting voor economisch relevante bevolkingsgroepen. Harloes theorie onderkent perioden in de ontwikkeling van het kapitalisme waarbinnen sprake is van convergentie in ontwikkeling van volkshuisvestingssystemen. Daarbij beschouwt hij het residuele model (sociale huursector als vangnet) als de standaard voor postindustriële kapitalistische samenlevingen en het grootschalige model als een tijdelijke variant.

Kemeny wijst op keuzemogelijkheden binnen het kapitalistische systeem. Deze keuzen (strategieën) hangen samen met het ideologische karakter van de sociale structuur en kunnen leiden tot de ontwikkeling van verschillende huurmarktmodellen. Hij onderscheidt twee modellen die zich simultaan kunnen ontwikkelen in verschillende landen; het duale en het unitaire systeem. Duale systemen komen voor in liberale verzorgingsstaten, kennen een op winststreven gebaseerde marktstrategie waarbij directe concurrentie tussen de marktsector en de non-profitsector wordt voorkomen. Hiertoe wordt de op kostprijsbasis werkende non-profitsector door de overheid afgescheiden van de particuliere huurmarkt en gebruikt als vangnet in de vorm van een sterk gecontroleerde publieke huursector. Unitaire huursystemen komen voor in samenlevingen met een corporatistische en sociaaldemocratische structuur en zijn gericht op directe concurrentie tussen de particuliere huursector en de non-profit huursector. De non-profit huursector is in dergelijke systemen niet uitsluitend gericht op lage inkomensgroepen. Het unitaire model kan zich vervolgens ontwikkelen tot een geïntegreerd model. In een geïntegreerde markt kan de non-profit huursector op eigen kracht concurreren met de marktsector zonder zware regulering en zonder een speciale bescherming of een speciale taakstelling (Kemeny *et al.*, 2005: 856).

De convergentietheorie biedt de minste aanknopingspunten als kader voor het analyseren van verschillen en overeenkomsten in de recente en mogelijke toekomstige ontwikkeling van volkshuisvestingssystemen in West-Europese landen. Het unilineaire karakter met als eindfase een brede betrokkenheid van de overheid bij de volkshuisvesting maakt een differentiatie in de ontwikkeling van volkshuisvestingssystemen van West-Europese landen die zich in een min of meer vergelijkbare fase bevinden voor wat betreft de economische en demografische ontwikkeling, alleen mogelijk in termen van 'voorlopers' en 'achterblijvers'. En dat in een periode waarin de ontwikkeling van overheidsverantwoordelijkheid voor het wonen in veel landen eerder kleiner dan groter wordt.

Alhoewel Harloes theorie niet is gebaseerd op een unilineaire maar op een cyclische ontwikkeling, is er wel degelijk sprake van een variant van de convergentietheorie: landen volgen een vergelijkbare ontwikkeling onder invloed van de wereldwijde ontwikkeling van de economische structuur van kapitaalaccumulatie. Daarbij is volgens Harloe in de afgelopen decennia in West-Europese landen sprake van een terugtrekkende overheid en daarmee een ontwikkeling in de richting van het residuele model: het basismodel in kapitalistische samenlevingen.

Het duale model van Kemeny komt in grote lijnen overeen met het residuele model van Harloe: in beide modellen heeft de non-profit huursector het karakter van een sociaal vangnet. Het verklaringsmechanisme achter beide modellen verschilt natuurlijk wel (zie tabel 1). De verschillen tussen Harloes grootschalige model en Kemenys unitaire/geïntegreerde huurmarktmodel zijn

wel zeer groot. Waar het grootschalige model is gebaseerd op decommodificatie van huisvesting voor grote groepen van de bevolking, staat in het unitaire en geïntegreerde model juist marktwerking en een beperkte rol voor de overheid centraal. Volgens Kemeny hoeft een terugtrekkende overheid niet per definitie te leiden tot een ontwikkeling in de richting van een residueel/duaal model. Er kan ook sprake zijn van een strategische keuze die zorgt voor een ontwikkeling in de richting van een unitair model, dat zich uiteindelijk verder kan ontwikkelen tot een geïntegreerd huurmarktmodel, waarbij de overheidsbemoediging met het wonen tot een minimum is beperkt. Het is in dit kader niet voldoende om te kijken naar de richting waarin het beleid zich begeeft, maar ook naar daarmee samenhangende ontwikkelingen op de huurmarkt in verschillende landen en de positie daarop van de non-profit huursector. Door Kemenys divergentietheorie als uitgangspunt te nemen kan worden geanalyseerd of deze ontwikkelingen wijzen op een convergentie in de richting van een residueel/duaal model of op een divergentie tussen landen waarin een duaal systeem bestaat (of ontstaat) en landen waarin een unitair systeem mogelijk leidt tot de ontwikkeling van een geïntegreerd huurmarktmodel. Ten slotte is het de vraag of een geïntegreerd huurmarktmodel, dat (nog) niet bestaat, beschouwd kan worden als een realistisch eindstadium van de ontwikkeling van een unitair systeem.

Onderzoeksmethoden

Tijdens het uitvoeren van internationaal vergelijkend onderzoek wordt al snel duidelijk dat er naast overeenkomsten ook sprake is van grote verschillen tussen landen voor wat betreft de rol van de actoren op de woningmarkt, de 'objectieve' woningmarktkenmerken (de output van het systeem), het institutionele kader en het gevoerde beleid, inclusief de daarbij gebruikte beleidsinstrumenten (Papa, 1992). De belangrijkste opgave is het vinden van een uitgangspunt voor de vergelijking. De wederzijdse relaties tussen actoren, instituties en omgeving zorgen immers voor grote mate van complexiteit. Binnen het internationaal vergelijkend onderzoek kunnen in dit kader twee scholen worden onderscheiden die een volledig tegengestelde visie hebben: de universalistische benadering en de particularistische benadering. Een universalistische benadering legt de nadruk op vergelijkbare ontwikkelingen tussen landen, zonder aandacht voor de specifieke context waarin deze ontwikkelingen plaatsvinden (Hoekstra, 2010; Pickvance, 2001). Verschillen tussen landen worden beschouwd als tijdelijk of niet relevant. Evolutionaire theorieën, zoals de hiervoor besproken convergentietheorie, kunnen tot deze stroming worden gerekend.

Particularistische benaderingen daarentegen leggen sterk de nadruk op verschillen. Aanhangers van deze benadering leggen zoveel nadruk op de context, dat er geen sprake kan zijn van generalisatie (Hantrais, 1999; Hoekstra, 2010). Dit kan ertoe leiden dat een internationale vergelijking als onmogelijk

wordt beschouwd omdat de verschijnselen die vergeleken moeten worden, te veel verschillen (Haffner et al., 2010, zie hoofdstuk 4). Alhoewel Ball, Harloe en Martens zo ver niet gaan, leggen zij in de door hen ontwikkelde Structuren van Woningaanbod-benadering (Structures of Housing Provision – SHP) een sterke nadruk op verschillen. Volgen hen dient de ontwikkeling van SHP's empirisch te worden vastgesteld en kan deze niet theoretisch worden afgeleid omdat er geen algemeen definieerbare SHP's zijn (Ball et al., 1988, p. 29; Ball en Harloe, 1990). De wijze waarop de SHP's zijn beschreven laat overeenkomsten zien met het hiervoor beschreven begrip padafhankelijkheid. De vraag is vervolgens of, en zo ja hoe, vanuit deze voor ieder land 'unieke' en padafhankelijke SHP's toch internationaal vergelijkend onderzoek kan worden uitgevoerd.

De oplossing kan wellicht gevonden worden in een zogenaamde 'middenweg'-benadering. Een benadering waarbij gezocht wordt naar een balans tussen generalisatie en het belang van verschillen (Hoekstra, 2010). In een dergelijke benadering wordt ook aan de invloed van de historische en culturele context van een (onderdeel van een) volkshuisvestingssysteem aandacht besteed. Daarbij dient voor zowel de (onderdelen van) volkshuisvestingssystemen als voor de context een vergelijkingsbasis te worden gevonden, zodat verschijnselen die in de afzonderlijke landen onderling niet identiek zijn, toch vergeleken kunnen worden. Mede vanwege het belang van de context, vereist een middenweganalyse een kwalitatieve benadering waarbij de onderzoeker moet besluiten over de mate van vergelijkbaarheid en de mate van generalisatie. Waar zal de analyse plaatsvinden in het continuüm tussen een particularistische en een universalistische benadering (Haffner et al., 2010)? Hiertoe maken middenwegbenaderingen vaak gebruik van patronen en typologieën (Kemeny en Lowe, 1998; Hoekstra, 2010). Met behulp van een middenwegbenadering is het wellicht ook mogelijk om de empirisch vastgestelde en voor ieder land unieke Structuren van Woningaanbod te gebruiken in een internationale vergelijking.

Doelstelling en onderzoeksvragen

Zoals hiervoor is aangegeven, is het belangrijkste doel van dit proefschrift het leveren van een bijdrage aan de wetenschappelijke discussies over internationaal vergelijkend onderzoek door het verkrijgen van een beter inzicht in de onderzoeksmethoden die kunnen worden gebruikt in vergelijkend onderzoek en in de mate waarin bestaande theorieën een goed analysekader bieden voor de verklaring van verschillen en overeenkomsten in de ontwikkeling van volkshuisvestingssystemen in West-Europa, waarbij de bruikbaarheid van dit analysekader voor toekomstige beleidskeuzes een belangrijke rol speelt. Deze doelstelling is uitgewerkt in de volgende vier onderzoeksvragen:

1. *Welke overeenkomsten en verschillen doen zich voor in de ontwikkeling van volkshuisvestingssystemen in een aantal West-Europese landen?*

2. In hoeverre is een middenwegbenadering een bruikbare methode om verschillen en overeenkomsten in de ontwikkeling van volkshuisvestingssystemen te analyseren?
3. In hoeverre is Kemenys divergentietheorie bruikbaar als raamwerk voor een vergelijkende analyse van de (toekomstige) ontwikkeling van volkshuisvestings-systemen?
4. In hoeverre is de divergentietheorie bruikbaar om de (toekomstige) ontwikkeling van het volkshuisvestingssysteem in een afzonderlijk land te analyseren?

2 Resultaten

Overeenkomsten en verschillen in de ontwikkeling van volkshuisvestings-systemen (onderzoeksvraag 1, hoofdstuk 2, 3 en 6)

Bij het beantwoorden van de eerste onderzoeksvraag wordt stil gestaan bij trends in de ontwikkeling van volkshuisvestingsbeleid en volkshuisvestings-systemen in de afgelopen decennia, op basis van de resultaten van de in verschillende jaren geschreven artikelen. Daarbij relateer ik deze trends aan de hiervoor besproken theorieën en de ontwikkeling van verzorgingsstaten. Omdat het bij deze eerste onderzoeksvraag niet alleen gaat om verschillen en overeenkomsten tussen volkshuisvestingssystemen, maar ook om de ontwikkeling van volkshuisvestingssystemen, zal tevens de vraag aan de orde komen of er sprake is van convergentie of divergentie tussen volkshuisvestingssystemen.

In hoofdstuk 2, 3 en 6 is een grove classificatie gepresenteerd van het in zeven West-Europese landen gevoerde volkshuisvestingsbeleid sinds de Tweede Wereldoorlog. In de eerste beleidsfase was er sprake van een sterke overheidsinvloed in de volkshuisvesting. Het beleid was primair gericht op het realiseren van een grote woningbouwproductie om de woningtekorten, ontstaan tijdens de oorlog, te kunnen inlopen. In de tweede fase ontstond meer aandacht voor de woningkwaliteit. Nieuwe woningen werden groter en het voorzieningenniveau was hoger. In deze fase werden bovendien in veel landen de overheidsinspanningen verlegd van de nieuwbouw naar de bestaande voorraad. De kwaliteit werd verbeterd door sloop gevolgd door nieuwbouw en ook door renovatie van slechte woningen. In de overgang van de tweede naar de derde fase was sprake van een toenemende rol van marktinvloeden in de volkshuisvesting. Het aanbod van huisvesting vond in toenemende mate plaats op basis van effectieve vraag, in plaats van behoeften. In de derde fase van het volkshuisvestingsbeleid was er veel aandacht voor verdelingsvraagstukken. Onder invloed van krimpende overheidsbudgetten werden de doelmatigheid en effectiviteit van de volkshuisvestingsinstrumenten aan een kritische beschouwing onderworpen. Via de verlaging van de generieke subsidies, de vermindering van het aantal generieke subsidies en de uitbreiding van individueel gebonden subsidies, kreeg voornamelijk de posi-

tie van zwakke groepen op de woningmarkt veel aandacht in de beleidsvoering. In deze derde fase was over het algemeen sprake van een daling van de nieuwbouwproductie. In een aantal landen (Frankrijk, Duitsland, Groot-Brittannië) kon aan het eind van de jaren tachtig een vierde fase worden onderscheiden, waarin opnieuw redelijk omvangrijke woningtekorten en andere woningmarktproblemen optraden. Het betrof zowel een absoluut tekort als een tekort aan betaalbare en voor minder welvarende groepen toegankelijke woningen.

De onderscheiden fasen in het volkshuisvestingsbeleid hebben zich niet in alle onderzoekslanden gelijktijdig voorgedaan. Bovendien zijn de verschillende fasen niet in alle landen na elkaar opgetreden. Ook dient opgemerkt te worden dat de intensiteit waarin de verschillende fasen zich hebben gemanifesteerd, in de zeven onderzoekslanden niet gelijk is.

Een van de conclusies uit deze analyse is dat we, mede onder invloed van exogene factoren, zoals economische en demografische ontwikkelingen, een aantal overeenkomstige trends signaleren in zowel het volkshuisvestingsbeleid dat in de West-Europese onderzoekslanden na de Tweede Wereldoorlog is gevoerd, als in de ontwikkeling van volkshuisvestingssystemen. We onderschrijven daarmee het belang dat Donnison (1969) en Donnison en Ungerson (1982) toekennen aan economische en demografische ontwikkelingen voor de ontwikkeling van volkshuisvestingsbeleid en volkshuisvestingssystemen. Deze factoren zijn immers van groot belang voor het kader van waaruit zowel vragers en aanbieders als de overheid opereren op de woningmarkt. De unilineaire relatie die volgens Donnison bestaat tussen het niveau van economische ontwikkeling (van laag naar hoog) en de rol van de overheid (van residueel tot veelomvattend) kunnen we echter niet onderschrijven. We vonden geen structurele ontwikkeling in de richting van een steeds meer omvattend volkshuisvestingsbeleid.

De trends die in volkshuisvestingsbeleid en in de ontwikkeling van volkshuisvestingssystemen in de naoorlogse periode uit onze studies naar voren komen, blijken in algemene zin een relatie te hebben met de ontwikkeling van verzorgingsstaten (Esping-Andersen, 1990). De ontwikkeling van volkshuisvestingsbeleid en volkshuisvestingssystemen in de eerste twee door ons onderscheiden 'beleidsfasen' kan goed worden geplaatst in het kader van een Keynesiaanse economische politiek en de opbouw van de verzorgingsstaat. Met betrekking tot de ontwikkeling van de sociale huursector in deze periode spreekt Harloe van een grootschalig socialehuisvestingsmodel. Als we in de door ons bestudeerde landen in de periode direct na de Tweede Wereldoorlog kijken naar de ontwikkeling van volkshuisvestingsbeleid en volkshuisvestingssystemen in het algemeen, en niet specifiek naar de ontwikkeling van de sociale huursector, lijkt het beter om te spreken van een grootschalig model dan van een grootschalig socialehuisvestingsmodel. De karakteristieken die Harloe toekent aan het grootschalig socialehuisvestingsmodel gel-

den namelijk in deze periode in algemene zin: er was (gezien de grote kwantitatieve woningtekorten) sprake van omvangrijke gesubsidiëerde nieuwbouwprogramma's die niet specifiek gericht waren op huisvesting van de laagste inkomensgroepen. Keuzes ten aanzien van de sectorale invulling van deze programma's (en de daarmee gepaard gaande subsidiestromen) hadden naast een (politiek-)ideologische achtergrond vaak ook een pragmatische achtergrond, waarbij gebruik werd gemaakt van bestaande institutionele structuren. Vervolgens hebben deze keuzes, gezien de grote woningbouwproductie in de eerste decennia na de Tweede Wereldoorlog, een grote invloed gehad op de verdere ontwikkeling van de institutionele structuur en daarmee op het karakter van de diverse volkshuisvestingssystemen. Alhoewel de directe overheidssturing en daarmee gepaard gaande financiële ondersteuning van de nieuwbouwproductie en het kwaliteitsbeleid in algemene zin beschouwd kan worden als een onderdeel van de ontwikkeling van verzorgingsstaten (Harloe, 1995: 524), is er een aanzienlijk verschil tussen de landen in de mate waarin en de wijze waarop dit werd ingevuld.

De derde en de vierde door ons onderscheiden beleidsfase kunnen worden geplaatst in de context van de veranderende economische omstandigheden in de loop van de jaren zeventig en tachtig. De combinatie van crisis en economische herstructurering heeft geleid tot een herstructurering van de verzorgingsstaat, waarbij volgens Esping-Andersen (1990) door verschillende landen verschillende trajecten worden bewandeld. Ook Gourevitch (1986: 215) geeft aan dat er sprake is van verschillen tussen het door diverse landen gevoerde economische beleid, maar benadrukt de trend in de richting van een neoliberal beleid. Harloe (1995) refereert in zijn internationaal vergelijkende studie naar de ontwikkeling van de sociale huursector aan deze ontwikkelingen en concludeert dat er sinds het midden van de jaren zeventig sprake is van een transformatie van het grootschalige model naar het residuele model. In het residuele model, waarin de beperkte nieuwbouw is gericht op huisvesting van de laagste inkomensgroepen, is de sociale huursector meer of minder gestigmatiseerd en biedt het huisvesting aan politiek, economisch en sociaal gemarginaliseerde groepen.

De resultaten van onze analyse (hoofdstuk 2) van het in de jaren zeventig en tachtig gevoerde volkshuisvestingsbeleid laten geen directe relatie zien tussen het optreden van de economische crises in de jaren zeventig en het zich terugtrekken van de overheid uit de volkshuisvesting. Zo werd in een aantal landen (Nederland, België, Denemarken) aanvankelijk op de economische crises gereageerd met het voeren van een anti-cyclisch bouwbeleid. In andere landen (Duitsland, Frankrijk en Engeland) werd het soms reeds voorzichtig ingezette liberaliseringsbeleid voortgezet. Uiteindelijk werd in de loop van de jaren zeventig en tachtig in alle zeven onderzoekslanden de directe bemoeienis van de overheid bij de volkshuisvesting teruggebracht. Als argumenten werden naast het inlopen van kwantitatieve woningtekort-

ten ook de zo efficiënt mogelijke inzet van steeds beperktere overheidsbudgetten genoemd. In het algemeen was er sprake van een vergroting van de marktwerking, waarbij de directe financiële steun in toenemende mate werd gericht op zwakkere groepen op de woningmarkt. Deze beleidsmatige ontwikkelingen gingen (in veel, maar niet alle West-Europese landen) samen met een (verdere) toename van het eigenwoningbezit, een afname van de groei van de sociale huursector, stijgende woonuitgavenquoten in de huursector, met name voor lage-inkomensgroepen en een toenemende concentratie van deze groepen in de sociale huursector (hoofdstuk 3 en 6).

De verdere toename van het eigenwoningbezit in de loop van de jaren tachtig en negentig in veel West-Europese landen en de beleidsmatige nadruk daarop kunnen geplaatst worden in de context van zowel de ontwikkeling van verzorgingsstaten als van de economische ontwikkeling. In de ontwikkeling van verzorgingsstaten ging de filosofie van de 'enabling state' een steeds belangrijker rol spelen (Gilbert, 1995; Boelhouwer, 2002). Verzorgingsstaten dienden te worden getransformeerd van een vangnet tot een trampolijn. Eigenwoningbezit paste goed in het concept van de 'enabling state' en het principe van zelfredzaamheid (Boelhouwer en Van der Heijden, 2005). Economisch gezien brak er in de jaren negentig weer een bloeiperiode aan, met een toename van de welvaart. En die toename van de welvaart bood voor meer huishoudens de mogelijkheid om een woning te kopen in plaats van te huren. Dit leidde tot een groei van de eigenwoningsector.

De hiervoor beschreven trends in de ontwikkeling van volkshuisvestingsbeleid en volkshuisvestingssystemen hebben zich min of meer onafhankelijk van de samenstelling van nationale regeringen in de West-Europese landen voorgedaan. Dit komt overeen met onze conclusie dat het volkshuisvestingsbeleid van regeringen, zowel ter linker- als ter rechterzijde van het centrum, niet sterk overeen kwam met hun ideologische karakter (Boelhouwer en Van der Heijden, 1993). Daarbij refereerden wij overigens niet alleen aan vergelijkbare ontwikkelingen als gevolg van exogene economische omstandigheden op het gevoerde beleid, maar ook aan de invloed van de specifieke situatie op de woningmarkt van de afzonderlijke landen en de daarmee samenhangende factoren als volkshuisvestingstradities en de institutionele structuur van de woningmarkt op dat beleid. Deze factoren bepalen voor een belangrijk deel de uitwerking die exogene ontwikkelingen hebben op de woningmarkt en op de daarbij betrokken actoren. Regeringen zullen hun politieke doelstellingen trachten te realiseren binnen deze context. De druk die uitgaat van veranderende exogene omstandigheden wordt vertaald in termen van bestaande structuren en verhoudingen (institutionele en politieke) en heeft daarmee een indirecte invloed op de ontwikkeling van volkshuisvestingsbeleid en volkshuisvestingssystemen. Kleinman (1996: 181) en Bengtsson (2008: 2012) komen tot een vergelijkbare conclusie en gebruiken hierbij het concept padafhankelijkheid. Binnen dit concept spelen ook ideologische factoren die deel

zijn geworden van de volkshuisvestingscultuur en de institutionele structuur van de woningmarkt een belangrijke rol. Verandering (een systeemwijziging) is niet onmogelijk, maar zal stuiten op grote weerstand (Bengtsson, 2012: 164-165). Dit komt overeen met onze conclusie (hoofdstuk 2) dat ondanks het feit dat marktontwikkelingen een grote invloed hebben op het volkshuisvestingsbeleid, er ook ruimte is voor het realiseren van politieke doelen.

De consequentie is dat er ondanks vergelijkbare trends in het gevoerde volkshuisvestingsbeleid en in ontwikkelingen op de diverse woningmarkten, sprake was, is en blijft van grote verschillen tussen de volkshuisvestingssystemen. Dit geldt zowel voor de omvang en functie van de verschillende eigendomssectoren, als de verhoudingen tussen, als voor het institutionele en instrumentele kader waarin de woningmarkten functioneren en zich ontwikkelen. Waar Harloe (1995: 529) echter in zijn analyse van de ontwikkeling van de sociale huursector een directe relatie legt tussen overeenkomstige ontwikkelingen van de economische structuur van kapitaalaccumulatie en van volkshuisvestingssystemen in kapitalistische samenlevingen en concludeert dat er sprake is van convergentie (in de richting van een 'residual social housing model'), benadrukken wij de indirecte invloed van deze factoren op de ontwikkeling van volkshuisvestingsbeleid en volkshuisvestingssystemen. De consequentie is dat overeenkomstige ontwikkelingen niet noodzakelijkerwijs leiden tot een convergentie van volkshuisvestingssystemen.

Maar volkshuisvestingssystemen zijn niet statisch; ze ontwikkelen zich voortdurend. In dit kader roept de conclusie dat volkshuisvestingssystemen niet noodzakelijkerwijs convergeren onder invloed van exogene factoren en dat padafhankelijkheid een belangrijke verklarende factor is voor het in stand blijven van verschillen tussen volkshuisvestingssystemen, de vraag op hoe deze verschillen kunnen worden geanalyseerd. Kunnen de specifieke eigenschappen van een volkshuisvestingssysteem alleen worden onderzocht en verklaard vanuit de ontwikkeling van het systeem zelf, bijvoorbeeld met behulp van een strikte toepassing van het concept padafhankelijkheid? Of zijn er in de ontwikkeling van volkshuisvestingssystemen in afzonderlijke landen, groepen landen te herkennen waarvan (de ontwikkeling van) het volkshuisvestingssysteem onderling meer overeenkomsten vertoont? Hierop wordt vanuit verschillende invalshoeken nader ingegaan bij de beantwoording van de tweede en de derde onderzoeksvraag.

Een 'middle-way approach' voor het uitvoeren van internationaal vergelijkend volkshuisvestingsonderzoek (onderzoeksvraag 2, hoofdstuk 4 en 5)

In de tweede onderzoeksvraag staat de methodologische invalshoek centraal en speelt de vraag hoe je in internationaal vergelijkend onderzoek de complexiteit van de wederzijdse relaties tussen actoren, instituties en context inzichtelijk kunt maken en kunt structureren, waarbij aandacht is voor zowel overeenkomsten als verschillen. Deze vraag heeft naast een methodologische

ook een theoretische kant, die overigens met elkaar blijken samen te hangen. Voor wat betreft de methodologische benadering bij het uitvoeren van internationaal vergelijkend (volkshuisvestings)onderzoek kunnen drie 'scholen' worden onderscheiden. Het belangrijkste verschil tussen deze drie scholen is het niveau waarop de analyses worden uitgevoerd. In samenhang hiermee verschilt ook de theoretische invalshoek die (impliciet of expliciet) wordt gekozen. De twee uitersten zijn de universalistische benadering, die overeenkomsten tussen landen benadrukt en veelal gebruik maakt van convergentietheorieën en de particularistische benadering, die vooral verschillen tussen landen ziet en op basis waarvan internationaal vergelijkend onderzoek niet zinvol is. Tussen deze twee uitersten bevinden zich middenwegbenaderingen, die een waardevol methodologisch uitgangspunt zijn voor internationaal vergelijkend volkshuisvestingsonderzoek waarin zowel aandacht is voor verschillen als overeenkomsten.

In hoofdstuk 4 hebben we een middenwegbenadering uitgewerkt en toegepast op een internationaal vergelijkende studie naar de ontwikkeling van de sociale huursector en de markthuursector in een aantal West-Europese landen (Haffner et al., 2009). Belangrijke elementen in deze uitwerking zijn vergelijkbaarheid, context en theorie. Vergelijkbaarheid heeft betrekking op het vinden van een vergelijkingsbasis voor niet-gelijke verschijnselen. Het plaatsen van deze verschijnselen in hun context is nodig om ze betekenis te geven en hun plaats in het volkshuisvestingssysteem te begrijpen. Tevens is het van belang om te beschikken over een raamwerk voor het structureren van verschillen tussen landen. Een dergelijk raamwerk heeft vaak het karakter van een typologie. Dit vereist een theoretisch perspectief omdat een theorie nodig is om te verklaren hoe een typologie tot stand is gekomen.

Om de verschillen en overeenkomsten tussen de sociale huursector en de markthuursector te kunnen analyseren in een internationaal vergelijkende context, moest in de eerste plaats een duidelijk onderscheid worden gemaakt tussen de beide sectoren. Dit onderscheid moest bovendien toepasbaar zijn op alle in het onderzoek betrokken landen, ondanks grote verschillen tussen beide sectoren in elk van de landen. We kwamen tot de conclusie dat allocatie van woningen kan worden beschouwd als het criterium dat de markthuursector en de sociale huursector in verschillende landen een vergelijkingsbasis geeft. In tegenstelling tot de markthuursector worden sociale huurwoningen toegewezen op basis van een sociaal vastgestelde behoefte. Vervolgens moesten de beide sectoren in de verschillende landen in hun context geplaatst worden. Deze context is nodig om beide sectoren betekenis te geven en hun plaats in het volkshuisvestingssysteem te begrijpen. In Haffner et al. (2009) beschreven en gebruikten we de institutionele, historische en geografische context, maar lag de focus op de woningmarkt. Als laatste hadden we een raamwerk nodig waarmee we verschillen tussen de sociale huursector en markthuursector in de verschillende landen konden duiden. In Haffner et al.

(2009) gebruikten we economische theorieën om een competitief raamwerk te ontwikkelen rond het concept van 'een kloof' tussen de sociale huursector en de markthuursector, gebaseerd op de mate van rivaliteit en substitutie in verschillende landen. Dit raamwerk maakte het mogelijk om uitspraken te doen over de mate van competitie tussen de beide sectoren in de afzonderlijke landen.

Zoals uit het voorgaande blijkt, zal de onderzoeker in de uitwerking van een middenwegbenadering, afhankelijk van de aard en het doel van het onderzoek, moeten besluiten waar in het continuüm van een particularistische benadering enerzijds en een universalistische benadering anderzijds, de analyse zal worden uitgevoerd. Deze keuze bepaalt uiteindelijk de mate van vergelijkbaarheid die wordt geaccepteerd, de reikwijdte van de context waarin de te onderzoeken verschijnselen worden geplaatst en de theorie die wordt gebruikt. Vanuit dit kader, zo blijkt uit hoofdstuk 5, kan ook het SHP-concept worden toegepast in een middenwegbenadering voor internationaal vergelijkend volkshuisvestingsonderzoek. Op basis van een keuze voor een bepaalde mate van vergelijkbaarheid kunnen niet-gelijke vormen van woningaanbod op een hoger analyiseniveau worden samengevoegd in een typologie. Het SHP-concept sluit daarmee geen analyiseniveaus uit.

Hoofdstuk 5 heeft naast een methodologische component ook een inhoudelijke component: de effecten van de internationale financiële crisis op verschillende West-Europese volkshuisvestingssystemen. We veronderstelden dat de mate waarop de crisis effect had op de woningmarkt beïnvloed wordt door de structuur van de woningmarkt. Voor wat betreft de structuur van de woningmarkt maakten we onderscheid tussen dynamische en statische markten. Dit onderscheid is gebaseerd op resultaten van de toepassing van de 'structures of housing provision'-benadering door Ball et al. (1988) en Martens (1990). Onze veronderstelling was dat dynamische markten met een hoge mobiliteit kwetsbaarder zijn voor economische ontwikkelingen dan statische markten omdat dynamische markten afhankelijk zijn van de bereidheid van huishoudens die al een goede woning hebben om te verhuizen naar een betere en duurdere woning.

De vergelijking had betrekking op vijf landen, waarvan de woningmarkt in Nederland, Ierland en het Verenigd Koninkrijk beschouwd kunnen worden als dynamisch en die van België en Duitsland als statisch. De mate waarin de woningmarkt in deze landen is beïnvloed door de crisis blijkt overeen te komen met onze veronderstelling: dynamische markten zijn gevoeliger voor economische ontwikkelingen dan statische markten.

De resultaten laten zien dat het onderscheid tussen dynamische en statische markten, in combinatie met de bestaande verklaringen vanuit de economische theorieën, een zinvolle classificatie van woningmarkten is en kan bijdragen aan de verklaring van het verschil in impact van de internationale financiële crisis op verschillende landen. Echter, bij zowel de opzet als de

resultaten van deze exploratieve studie kan wel een aantal kanttekeningen worden gemaakt. Zo zijn de resultaten van de analyse conform de verwachtingen, maar kon niet worden vastgesteld of dit het gevolg was van de structuur van de woningmarkten of van de impact van de economische crisis op de verschillende nationale economieën en de rol van de financiële sector daarbij. Daarnaast is in de analyse de structuur van de woningmarkt, uitgedrukt in dynamische en statische markten, vooral benaderd vanuit de eigenwoningsector. De huursector werd als context behandeld, waarbij de structuur van de huursector onderbelicht bleef.

Kemenys theorie als kader voor een vergelijkende analyse van de (toekomstige) ontwikkeling van volkshuisvestingssystemen (onderzoeksvraag 3, hoofdstuk 6 en 7)

Een van de belangrijkste conclusies naar aanleiding van de eerste onderzoeksvraag is dat volkshuisvestingssystemen niet noodzakelijkerwijs convergeren onder invloed van exogene factoren en dat padafhankelijkheid een belangrijke verklarende factor is voor het in stand blijven van verschillen tussen volkshuisvestingssystemen. Dit roept de vraag op hoe deze verschillen kunnen worden geanalyseerd. Kunnen de specifieke eigenschappen van een volkshuisvestingssysteem alleen worden onderzocht en verklaard vanuit de ontwikkeling van het systeem zelf of zijn er in de ontwikkeling van verschillende volkshuisvestingssystemen patronen te herkennen van landen waarvan (de ontwikkeling van) het volkshuisvestingssysteem meer of juist minder overeenkomsten vertoont? In dit laatste geval is Kemenys theorie interessant, omdat hij verschillende typen huurmarkten onderscheidt die zich op hetzelfde moment in verschillende landen kunnen ontwikkelen.

In hoofdstuk 6 wordt een mogelijk toekomstperspectief geschetst voor de ontwikkeling van de sociale huursector in zes West-Europese landen (België, Duitsland, Frankrijk, Groot-Brittannië, Zweden en Nederland) op basis van de theorieën van Kemeny en Harloe. In het hoofdstuk wordt een aantal vergelijkbare trends beschreven die zich voordoen in de diverse landen, zowel voor wat betreft het gevoerde beleid als ontwikkelingen op de woningmarkt. Deze trends komen neer op het stimuleren van eigen woningbezit, ook voor de lagere inkomensgroepen, het verlagen van (object)subsidies en het toespitsen van resterende (subject)subsidies op lage-inkomensgroepen, een toenemende concentratie van lage-inkomensgroepen in de sociale huursector, een toename van de woonuitgavenquotes, vooral voor lage inkomensgroepen en een toenemende nadruk op marktgericht werken door sociale verhuurders. Op basis van de beschrijving van deze overeenkomstige trends en van de verschillen tussen de diverse landen voor wat betreft de mate waarin deze ontwikkelingen zich voordoen en de aard en omvang van de sociale huursector, kom ik tot de conclusie dat de verschillen te groot zijn om te spreken van één mogelijk ontwikkelingstraject voor de zes landen. Met behulp van het duale

huurmodel (Kemeny, 1995) en het residuele model (Harloe, 1995) enerzijds en het unitaire huurmarktmodel (Kemeny, 1995) anderzijds, worden drie mogelijke toekomstige scenario's geschetst voor de ontwikkeling van de sociale huursector in de zes landen. Het eerste scenario heeft betrekking op de ontwikkeling van een residueel/duaal huurmarktmodel. Voor Groot-Brittannië en België is dit scenario niet onrealistisch. In beide landen is het eigenwoningbezit de norm, is de sociale huursector klein of qua omvang fors gekrompen en met een hoge en stijgende concentratie van lage inkomensgroepen krijgt de sector steeds meer het karakter van een vangnet. In het tweede scenario is sprake van een ontwikkeling in de richting van een unitair model. Landen als Zweden, Nederland, Duitsland en mogelijk ook Frankrijk hebben hiervoor een veel betere uitgangspositie dan Groot-Brittannië en België. De verhouding tussen de eigendoms categorieën is in deze landen evenwichtiger en de concentratie van lage-inkomensgroepen in de sociale huursector is er (nog) minder groot. Naast deze twee scenario's die afkomstig zijn uit de door Kemeny (1995) en Harloe (1995) ontwikkelde typologieën, heb ik in hoofdstuk 6 nog een derde scenario onderscheiden; het residuele unitaire huurmarktscenario. Een dergelijk scenario zou zich kunnen ontwikkelen als gevolg van het feit dat sociale verhuurders het uitvoeren van een sociale taakstelling steeds meer moeten combineren met een marktgerichte werkwijze. Wanneer een deel van de sociale verhuurders daarbij het marktgericht werken stelt boven de sociale taakstelling, kan er op een in beginsel unitaire huurmarkt toch een geresidualiseerde subsector ontstaan. Vooral in Zweden en Duitsland is een dergelijk scenario niet ondenkbaar. Zo is in Duitsland de speciale fiscale status voor non-profit verhuurders opgeheven, waardoor zij na afloop van de subsidieperiode niet meer verplicht zijn hun woningen op een sociale basis te verhuren.

Deze scenario's geven aan dat er, ondanks op het eerste gezicht vergelijkbare ontwikkelingen in verschillende landen, alternatieven denkbaar zijn voor een ontwikkeling in de richting van een residueel/duaal model. De door Kemeny ontwikkelde theorie maakt het mogelijk om op basis van een gestructureerde analyse van verschillen tussen de huursector in diverse landen, verschillende ontwikkelingstrajecten voor de huursector te onderscheiden. Als dat in het kader van een onderzoek zinvol is, kan de door Kemeny ontwikkelde typologie bovendien worden uitgebreid met 'alternatieve' modellen.

Daarnaast staan de verschillende huurmarktmodellen die worden onderscheiden voor verschillende beleidsstrategieën, waarmee de theorie ook kan worden gebruikt voor het evalueren en formuleren van beleid. Niet zozeer op het niveau van verschillende beleidsinstrumenten, maar wel als referentiekader voor een samenhangende beleidsstrategie. Een beperking daarbij is dat de theorie vooral betrekking heeft op de huurmarkt en dat de structuur van de eigenwoningsector niet is uitgewerkt.

Zeker bij het toepassen van de door Kemeny geschetste modellen voor het formuleren van beleid, is het schetsen van een ontwikkelingsrichting eigenlijk niet voldoende. Er dient ook zicht te zijn op het eindstadium van het ontwikkelingstraject. Voor het duale model is dit eindstadium eenduidig: een gesegmenteerde markt waarbij de non-profit huursector als vangnet wordt gebruikt. Het unitaire systeem wordt door Kemeny beschouwd als een ontwikkelingstraject in de richting van een geïntegreerde huurmarkt (Kemeny *et al.*, 2005). In een geïntegreerde markt kan de non-profit huursector op eigen kracht concurreren met de marktsector, zonder zware regulering en zonder een speciale bescherming of een speciale taakstelling. Omdat dit model in de praktijk (nog) niet bestaat, is het de vraag of het een realistisch eindstadium is. Op basis van een theoretische analyse (hoofdstuk 7) komen we tot de conclusie dat, hoewel non-profitorganisaties zouden kunnen overleven zonder overheidsbescherming, een ongesegmenteerde geïntegreerde huurmarkt geen garantie biedt voor een voldoende aanbod van huisvesting voor zwakkere groepen op de woningmarkt. Om in een competitieve omgeving een goede huisvesting voor zwakke groepen op de woningmarkt te kunnen garanderen, is voor een deel van de markt een allocatiemechanisme nodig dat gebaseerd is op behoefte in plaats van op prijs, in combinatie met een inkomensgerelateerde woontoeslag. Daarmee is de geïntegreerde huurmarkt niet het door Kemeny bedoelde eindstadium van de ontwikkeling van een unitair huursysteem, want dit betekent dat er sprake zal zijn van een gesegmenteerde markt. Theoretisch gezien is ook op een dergelijke gesegmenteerde markt volledige competitie mogelijk, bijvoorbeeld in de vorm van een contractmodel zoals dat in Duitsland bestaat. Het is echter de vraag of dit model in veel andere landen gezien wordt als een realistisch alternatief voor het bestaande systeem. Padafhankelijkheid en de 'non-contractible' kwaliteit kunnen leiden tot een blijvende keuze voor het laten uitvoeren van een sociale taak door wettelijk verankerde non-profit organisaties, waarbij de sector door de overheid wordt gereguleerd en gecontroleerd om inefficiënties en 'agency' problemen te voorkomen. Een vorm van een unitair systeem is in dat geval een (voorlopig) eindstadium. Naast de mogelijkheid voor non-profit organisaties om actief te zijn op een breder terrein dan uitsluitend het huisvesten van de zwakste groepen op de woningmarkt, is het daarbij ook van belang dat er sprake is van een zoveel mogelijk eigendomsneutraal beleid. Hierop kom ik terug bij het beantwoorden van de vierde onderzoeksvraag.

De divergentietheorie als kader voor de (toekomstige) ontwikkeling van het volkshuisvestingssysteem in één land (onderzoeksvraag 4, hoofdstuk 8)

In hoofdstuk 8 wordt de door Kemeny (1992; 1995) voor internationaal vergelijkend onderzoek ontwikkelde theorie van de ontwikkeling van huurmarkten gebruikt om de (toekomstige) ontwikkeling van het volkshuisvestingssysteem in één land (Nederland) in een kader te plaatsen. We bespreken drie mogelijk-

ke bedreigingen voor een verdere ontwikkeling van de Nederlandse unitaire huurmarkt: het competitiebeleid van de Europese Unie, de concurrentie van de eigenwoningsector en de politieke steun voor de Nederlandse non-profit huursector.

Op basis van de uitgevoerde analyse kan worden geconcludeerd dat de door Kemeny ontwikkelde typologie van huurmarkten ook kan worden toegepast op de ontwikkelingen die zich voordoen in één land, zowel voor wat betreft een evaluatie van gevoerd beleid en daarmee samenhangende ontwikkelingen op de woningmarkt, als voor wat betreft een evaluatie van voorgenomen beleid en de mogelijke effecten daarvan. Daarbij leent de typologie zich beter voor het evalueren van een beleidsrichting (of beleidsstrategie) dan voor het beoordelen van individuele instrumenten en aanpassingen daarvan.

Voor wat betreft de ontwikkeling van de Nederlandse huurmarkt kan worden geconcludeerd dat er nog steeds sprake is van een ontwikkeling in de richting van een unitair huurmodel. De non-profit huursector is zelfstandig en heeft nog steeds een goede financiële basis, hoewel de financiële positie in de afgelopen jaren wel is verslechterd. Met de administratieve scheiding van sociale en commerciële activiteiten van non-profit verhuurders en de daaraan gekoppelde beperking van de inzet van financiële voordelen voor de sociale activiteiten, is er sprake van een gelijk speelveld tussen non-profit verhuurders en commerciële verhuurders, terwijl het voor de woningcorporaties mogelijk blijft om op een breder terrein werkzaam te zijn dan alleen voor de laagste inkomensgroepen. De sociale taak – het zonder risicoselectie huisvesten van de lage inkomensgroepen – is daarbij vooralsnog specifiek neergelegd bij de woningcorporaties.

De in hoofdstuk 8 genoemde bedreigingen zijn in 2012 nog steeds actueel. De afspraak die de Nederlandse regering heeft gemaakt met de Europese Commissie over de toewijzing van woningen in de sociale huursector lijkt weliswaar geen bedreiging voor een verdere ontwikkeling van een unitaire huurmarkt in Nederland, maar naast de problemen die deze afspraak in de praktijk tot gevolg heeft voor de huisvesting van midden-inkomensgroepen (Raden voor de Leefomgeving en Infrastructuur, 2011), is de discussie over de relatie tussen sociale huisvesting, staatssteun en competitiebeleid in Europa echter nog niet ten einde (Priemus en Gruis, 2011). Het is dus nog niet duidelijk of de huidige afspraak gehandhaafd blijft, ook al omdat dit EU-beleid nog nergens anders dan in Zweden en Nederland geldt.

Een bedreiging voor een verdere ontwikkeling in de richting van een unitaire huurmarkt was en is het ontbreken van een eigendomsneutraal beleid. Hoewel er door de financiële en de daarop volgende economische crisis voorlopig een einde lijkt gekomen aan de sterke groei van de eigenwoningsector in Nederland, is de fiscale behandeling van het eigenwoningbezit in de afgelopen jaren nauwelijks gewijzigd. Mede dankzij een aantal rapporten waarin een integrale hervorming van het Nederlandse volkshuisvestingsbeleid

wordt uitgewerkt, maar ook 'dankzij' de economische crisis, waardoor de risico's van de optimalisatie van het fiscale voordeel bij de financiering van koopwoningen duidelijk zijn geworden, lijkt een wijziging van de fiscale behandeling van de eigenwoningsectorpolitiek wel bespreekbaar geworden (VROM-Raad, 2007; SER-CSED, 2010; Wonen 4.0, 2012). In het meest recente integrale plan voor de hervorming van de Nederlandse woningmarkt (Wonen 4.0) dat in mei 2012 werd gepresenteerd door koepelorganisaties van woningcorporaties, eigenaar-bewoners, huurders en makelaars, wordt wel een eigendomsneutraal beleid voorgesteld. Volgens dit plan, dat geheel in lijn is met het unitaire huurmarktmodel, wordt de hypotheekrenteaf trek afgebouwd en komt er een inkomensafhankelijke woontoeslag voor kopers en huurders. In dit plan wordt een duidelijke scheiding aangebracht tussen woningmarktbeleid en inkomensbeleid: de huren worden geleidelijk marktconform en via de woontoeslag worden lagere-inkomensgroepen gecompenseerd. De woningcorporaties blijven in eerste instantie aanspreekbaar voor het zonder risicoselectie huisvesten van lage-inkomensgroepen, maar kunnen ook buiten deze doelgroep woningen verhuren. Commerciële verhuurders kunnen in dit plan ook profiteren van de financiële voordelen van woningcorporaties, mits zij bereid zijn onder dezelfde voorwaarden woningen te verhuren.

Of dit plan (integraal) zal worden uitgevoerd, wordt pas duidelijk in de komende jaren, waarin volgende regeringen aantreden. Een aspect dat daarbij een rol zal spelen en een mogelijke bedreiging voor de ontwikkeling van een unitaire huurmarkt vormt, is de politieke steun voor de unitaire marktstrategie in het algemeen en voor de rol van de woningcorporaties daarin in het bijzonder. Het al dan niet aanwezig zijn van deze politieke steun zal wellicht, naast discussies rond efficiency, omvang en inzet van vermogen, onbekwaamheid en fraude, mede afhangen van de politieke samenstelling van de coalitie die dan regeert en de bezuinigingsdrang als gevolg van het in de afgelopen jaren opgelopen begrotingstekort. Of is de padafhankelijkheid van het Nederlandse volkshuisvestingsstelsel zo sterk dat een verdere ontwikkeling in de richting van een unitaire huurmarkt moeilijk te keren zal zijn? Een nadere analyse van de ontwikkeling van politieke machtsverhoudingen in Nederland in de afgelopen decennia in relatie tot de ontwikkeling van het gevoerde volkshuisvestingsbeleid kan aan de beantwoording van deze vraag mogelijk een bijdrage leveren.

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Curriculum vitae

Harry van der Heijden was born in Culemborg, the Netherlands, on 24 October 1959. He attended primary and secondary school in Culemborg and earned his secondary school (Atheneum) diploma from the Koningin Wilhelmina College. He went on to study Human Geography at Utrecht University, where he wrote his thesis on residential improvement by owner-occupiers and graduated in 1984.

In 1984 Harry began working at Delft University of Technology, first at the Faculty of Architecture and, from 1985, at the OTB Research Institute for the Built Environment. In 1987 and the first half of 1988, he was seconded as a staff member to the Dutch parliamentary inquiry committee on building subsidies (Parlementaire Enquêtecommissie Bouwsubsidies). Subsequently, from 1988 until 2001, besides conducting research, he worked as part-time coordinator of the postgraduate degree programme in Housing, Urban and Mobility Studies. Since 2003, Harry has been coordinator of the Housing Policy and Housing Market Research Group at the OTB Research Institute.

Harry conducts academic and contract research in the field of housing, with a special focus on the housing market, housing production and international comparative housing research. From 2010, Harry has also engaged in teaching activities at the Faculty of Architecture and the Faculty of Technology, Policy and Management.

Harry has been chair of the Dwelling Assessment Committee of the housing association 'Woonbron' since 2005, a member of the Expert Committee on the Building Sector at Statistics Netherlands (CBS) since mid-2006, and a member of the Supervisory Board of the housing association 'Vecht en Omstreken' since mid-2009.

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West European housing systems in a comparative perspective gives an overview of the results of almost 20 years of international comparative housing research, carried out by the author and his colleagues at OTB Research Institute for the Built Environment. The articles give evidence of the transition from descriptive analysis to theoretical exploration and the growing relevance of methodology during these years.

The results provide deeper insight into comparative research methodologies and the viability of existing theories as a framework for analysing differences and similarities in the development of housing systems in West-European countries. One of the key issues is the practicability of this framework in future policy making. Especially Kemeny's theory on rental markets appears to offer a valuable framework to evaluate policy strategies. Therefore the book is not only relevant to academics but also to policy-makers.



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