

Ontology and causality in comparative housing studies: explaining the different role of limited profit housing in Vienna and Zurich

**Housing and Theory Symposium, Swinburne Institute of Technology and RMIT,
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It has been argued in detail elsewhere that debates and indeed misunderstandings in comparative housing research often arise because housing systems and their development can be perceived and therefore analysed from a range of theoretical positions (Lawson, 2006). This paper considers a number of ontological alternatives and also examines the concept of change in housing studies, contrasting different approaches to causality. It is argued that in order to understand and explain different forms of housing consumption, it would be beneficial to focus on the changing definition of interdependent emergent relations in their contingent context which includes path dependent institutions and ideologies mediating the integral processes of housing promotion, finance, construction, management and consumption. This approach is inspired by the critical realist philosophy of Bhaskar (1979) further developed and applied to social science by Sayer (2000) and Danermark et al, (2002), which is concerned with the complex and layered nature of reality, embracing both perception and meaning, actual events and underlying social relations and has been applied to explanations of various housing and urban phenomena (Lawson, 2006, Fitzpatrick, 2005, Banai, 1995, Cloke et al, 1991).

This paper briefly reviews progress in comparing and explaining different phases in housing history and proposes a way forward. A tentative application is made by comparing the role and market position of limited profit housing in Switzerland and Austria, two case studies often overlooked in Anglo housing research and never compared. No attempt is made to provide a detailed chronology; rather the emphasis here is on the application and revision of theoretical concepts concerning emergent relations, path dependency and the variety of capitalism thesis.

The final section argues that the comparative historical explanation of two rental dominated housing markets is relevant to broader debates in housing policy and touches on a number of theoretical dilemmas. This concluding discussion sharpens the focus of emergent relations and institutional path dependency as causal terms in housing development, emphasizes the dynamic and scalar role of state structures in this process and highlights the variety of capitalist accumulation strategies in housing systems, which include an integral role for non-profit housing in rental markets.

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Introduction

Much has been written about the seemingly pervasive shift towards home ownership across Europe and its associated risks to and opportunities for the welfare of households. This paper takes a closer look at housing developments in two West European countries where the shift towards home ownership has *not* been pronounced and social housing continues to play a sustained and integral role in the rental dominated cities. It extends an existing body of work which examines the housing policy and urban history of Switzerland and Austria. Despite the proximity and similarity of the two countries described, comparative historical analysis of their housing systems has rarely been published in the international realm (Lawson, 2008).

To address this deficiency, this paper attempts to compare the role and market position of limited profit housing in both countries (Deutsche, 2008, 2007, Kemeny et al, 2005, 1995) and tackle a number of theoretical dilemmas in the process, namely the nature of path dependent institutions mediating development (Ruanovaara, 2008, Bengtsson et al, 2006, Mahoney and Rueschemeyer, 2003) and the conceptualisation of phases in urban development and dynamic systems of housing provision (Bengtsson, 2008, Lawson, 2006, Terhorst and Van der Ven, 1997). This paper also brings together two schools of thought in comparative housing theory; emanating from the housing studies literature (Malpass, 2008, Harloe, 1995, Kemeny, 1995) and the ‘variety of capitalism’ thesis arising from economic geography, with particular attention to the regimes emanating from the urban scale mediating more global forces affecting housing investment (Heiden and Terhorst, 2007, Brenner, 2004, Boyer and Rogers Hollingworth, 2004).

Cost rent, limited profit housing has played a role in the housing systems of Austria and Switzerland for many decades, with its origins in the early 20th century accelerating in the post war period and survives to this day, despite countervailing trends in public policy (Lawson and Milligan, 2007) and mortgage markets (Aalbers, 2008, Stephens, 2007) promoting more individualised forms of housing consumption (Doling and Ford, 2003, Malpass, 2006). Indeed, rental housing remains a significant form of housing investment, management and consumption in both countries, being 65 percent of the housing stock in Switzerland and 45 percent in Austria. The social sector, comprising limited profit rental associations, co-operatives and municipal housing providers plays an integral role in the rental sector of both countries, but is more pervasive in Austria. In this country around 25 percent of all dwellings are managed by limited profit associations and municipal landlords, whilst in Switzerland only 14 percent of dwellings are managed by social landlords, of which only a small proportion are municipal providers. If we look beyond these highly aggregated national level statistics, we see that this trend is magnified in major urban areas. In Vienna municipal

and limited profit providers hold a significant market position, being 48 percent of all dwellings (Rheinprecht, 2007) whilst in Zurich their market share is only 20 percent, nevertheless, this is greater than the national average and certainly more significant than in rural areas where the market share is very minor (StatistikZH, 2004).

In order to explain the different role of limited profit housing in the urban area of both countries it is argued that we need to examine the development of housing markets and related institutions over time and abstract the emergent relationships and embedded institutions which are integral to local forms of housing provision. These emergent relations affect the property rights of development, channel investment via particular housing forms and influence the manner in which housing is consumed and perceived. It is anticipated that the evolution of urban regimes affecting housing provision has been far from orderly and linear but rather a cumulative, sometimes chaotic process. This open and vulnerable process can be perceived as comprising phases of coherence, crises and adaptation in which path dependent overlapping institutions, engaged in promoting, financing and consuming housing, have evolved.

Purpose and structure

Thus, in summary this paper has four aims that define its overall structure. The first section re-examines different approaches to comparative housing research and argues for the careful justification ontology, the level of comparison and the nature of causality influencing change. It examines progress in comparing and explaining different phases in housing history and proposes a way forward. In the second section, the two cases are briefly introduced and key regimes in the development of each housing system are identified based on the notion of coherence, crises and adaptation in emergent causal relations. No attempt is made to provide a detailed chronology, rather the emphasis here is on the application and revision of theoretical concepts concerning emergent relations, path dependency, institutional layering, and the nature of change. In section three, these concepts become more empirically grounded and an explanation is put forward for the different role and market position of limited profit rental housing in Vienna and Zurich. The concluding section argues that the comparative historical explanation of two rental dominated housing markets is relevant to broader debates in housing policy as well as a number of theoretical dilemmas. This discussion sharpens the focus of emergent relations and institutional path dependency as causal terms in housing development, emphasizes the dynamic and scalar role of state structures in this process, and highlights the variety of capitalist accumulation strategies in housing, which can include an integral role for non-profit housing in rental markets.

Section 1 Perceiving development and change in forms of provision

It has been argued elsewhere that debates and indeed misunderstandings in comparative housing research often arise because housing systems can be *perceived* and therefore analysed from a range of positions (Lawson, 2006). Indeed, different assumptions concerning the conceptualisation, legitimate data sources and methods, as well as theories and approaches to comparability of housing systems have led researchers along distinct epistemological paths, leading to very different descriptions, evaluations or explanations. For this reason from the earliest stages of the research, explicit choices need to be made before setting off along divergent ontological pathways.

In order to compare developments in two countries housing systems, for the purposes of theoretical explanation, we need to be clear about what we are actually comparing. For

example do we compare tenure outcomes, trends in levels of production, housing costs or the content of policy; the organisation of provision or the relationships between key players and their mitigating circumstances? In other words, what level of housing reality or ontology are we really comparing: outcomes, mechanisms, contexts?

Important dimensions of difference which distinguishes published housing research includes the field and focus of ontological perspective, the logical process of abduction, deduction, induction etc, the selection of and emphasis upon specific concepts, such as social relations or institutions and units of analysis, such as tenure, class and household. There are post modern perspectives which stress individual perceptions of housing reality as well as more structural accounts, which diminish the role of individual agents in housing processes. There are theories which are put forward more universal, generalised claims and others that emphasise the importance of time and space. Some of these perspectives and their proponents are briefly outlined in Table 1, to demonstrate their diversity.

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Table 1 Ontological alternatives concerning the key dimensions of housing provision (based on Lawson, 2006:50-51)

Housing research streams	How is housing perceived?	Main proponents
Postmodernism and multiple realities	Traditional modernist social science is challenged, by arguing that there is no uniform reality but a fragmented 'Postmodern' world, which has multiple realities and meanings. Thus housing provision is a social construction to be analysed through the deconstruction of multiple and shifting symbols and discourses.	Soja 1989; Watson & Gibson, 1995; Michael & Pile, 1993.
Political, cultural and economic meaning of housing action	Focuses on the subjective understanding of housing ascribed by different class (social), status (economic) and party (political) groups, which influence agents rational and motivational actions. There is a focus on the meaning of tenure in determining class, status, or party membership and its influence upon rational, value based, emotional, or habitual social action.	Weber, 1968; Winter, 1994; Rex & Moore, 1967; Saunders, 1979
Social construction of housing knowledge and institutions	Emphasises the geo-historical origin and subjective understanding of housing institutions (rather than on their material construction). Harloe for example, emphasises the shifting perception of mass social housing in reproducing wider social systems. Kemeny examines the reinforcing relationship between ideology and housing policy promoting home ownership.	Harloe, 1994; Kemeny, 1983, Brandsen, 2001.
Econometric models of housing markets	Models of market interactions of individuals, based on numerous assumptions concerning demand and supply of housing. Often a neo-classical ideal is compared with actual market failure, leading to recommendations to remove impediments to perfect competition. Different assumptions may inform models: rational choice; acknowledging the role of consumer aspirations; specific norms and institutions in market interactions.	Van Leuvensteijn and Koning, 2000; Hakford & Matysiak 1999; Fulpen, 1985; MacLennan 1982
State Market Mixes	This approach focuses attention of forms of public and private intervention in various aspects of housing finance, production and consumption. Lundqvist provides a taxonomy of intervention alternatives. He then examines the power resources of market weak and market strong constituencies and their representative parties, influencing collective and privatised forms of welfare.	Lundqvist, 1992; Barlow & Duncan, 1994
Chain of provision, engaging public, third sector and private agents	Focuses upon the accountability, powers and motivations of private, public and voluntary sectors in the housing process. This process comprises promotion, investment, construction, allocation and management phases of housing provision interacting with land, labour, finance and subsidy and wider socio-economic conditions. Examines the channelling of subsidies up and down each stage of provision and their distributional outcomes in different countries over time.	Ambrose, 1991, 1994; Ambrose et al, 1998; Doling, 1997
Housing as a system of economic and institutional relations	This approach stresses the spatial and temporal embeddedness of institutional relations, open market structures, and shifting regulatory environments influencing the provision of housing. The main thrust of all these approaches is to move away from simplistic notions of rational choice, equilibrium, closed and 'free' markets to acknowledge the importance of environment in shaping housing related interactions.	Priemus, 1983, Murie, et al 1976; Bengs & Ronka, 1994; Oxley & Smith, 1996; Whitehead 1974; & Boléat 1985.
Spatial differences over time	Rather than focus on national models of housing provision, these researchers seek more longitudinal and locality based explanations for uneven development and differences in housing in the mediation of global, national and local influences.	Massey, 2007, Elander, 1991; Gregory & Urry, 1985; Dickens et al 1985.
Social relations and structures of housing provision	Focuses upon the social relations influencing housing provision, acknowledging the ideological and material circumstances, which influence the structure of housing provision over time and space. This approach combines an understanding of social relations with the social agents involved in production, allocation, consumption and reproduction of housing.	Dickens et al, 1985, Ball, 1998, 1992, 1983, Berry, 1983, 1998; Harloe, 1995, Harloe & Martens, 1983.

As can be seen from Table 1 above, the ontological choice appears to be wide open, but each has considerable implications for any research strategy, necessitating a carefully justified selection.

Reacting against modernist and positivist science, most recent comparative theories have tended to acknowledge the influence of understanding, meaning and power upon social phenomena and moved away from overly structural accounts using a more interpretive logic, focusing on networks of agents. They do so through the analysis of both qualitative and quantitative data, as appropriate to the subject matter for interpretation. However, as with positivism, there are numerous and important criticisms of this approach. These concern the level of consciousness held by actors; the implicitness of the researchers own critique; the disregard for institutional structures and material resources; unintended and cumulative consequences of individual action; and existence of broader social, economic and political structures of conflict and cultural change (Blaikie, 1993: 110-112, Sayer, 2000). Interpretivists stress the importance of lay accounts and rationale for their actions, and strong social constructionists are bound to them. Yet such actors may not always be able to rationalize their actions. Indeed, many actions are routine and taken for granted. An interpretive approach is of partial use when actors cannot reason why they act in particular ways (Giddens, 1984:282 in Blaikie, 1993:111) or when their motivations are hidden or 'false' and must be complimented by a justified conceptualisation of influences 'beyond the field of view'.

Towards this end, it is argues that agents engaged in the provision of housing are not isolated, but mediate an environment of path dependent and dynamic social relations, institutions and ideas which together have emergent powers influencing the realm of potential action. For this reason, to understand and explain different forms of housing provision and consumption, we need to conceptualise and empirically research the changing definition of these emergent relations and their influence upon agency, using appropriate research methodology and methods, in order to explain their developments and differences over time.

This perspective differs from traditional research perspectives and draws upon critical realist ontology. In this post positivist and increasingly post-post-modernist and even post-disciplinary era, Critical Realism is having an impact across the social sciences, influencing geography, economics, political science and also housing studies (Sayer, 1984, 2000, Danermark et al, 2001, Lawson, 2006, 2001, Cloke et al, 1991, Dickens et al, 1985). Sayer in particular has much to say on why social scientists should be critical of the way we perceive reality and has most recently written on moral philosophy, social science and people's perception of (and denial) of social class.

Critical realists argue for the analysis of influential but often unobservable forces, tendencies or causal mechanisms which can provide an explanation for social phenomena. These causal mechanisms permeate our social world, and include underlying social relations such as paternalism, organisational hierarchy, contractual relations, labour relations, 'the profit motive' as well as cultural and ideological norms and beliefs. These influential social structures cannot be assumed or generalised and must be grounded in actual case study research and are always contingently defined. Thus rather than make universal generalisations over time and space, CR are more likely to be engaged in long term, intensive case study research.

Thus rather than compare recorded outcomes of different housing systems or even interpret lay accounts of them, we need to conceptualise and refine the multiple underlying causal mechanisms present over long periods of time, which have generated differences in our object of study: limited profit tenure in Zurich and Vienna. This is best achieved via long term comparative historical analysis of the necessary and contingent conditions which are integral to the supply of limited profit housing.

The nature of change in housing systems

As argued above, there are not only different ontological perspectives which influence our perception of housing systems, but also different theories about the nature of change which influences them. Once again there are a number of important differences which can be highlighted. Firstly, the roots of causality have stemmed from both agent and structural dimensions: from random and rational choice theories of agent behaviour to phases in capitalist development influencing welfare regimes and housing policies. Secondly, the nature of causality can be perceived as simple cause effect models of events occurring in closed systems to more open and complex theories of emergent powers and the absence and presence of contingent conditions. Some causal theories emphasize specific social and material conditions such as the existence of social networks and the distribution of power resources, whilst others stress the path dependence and embeddedness of social institutions and stickiness of cultural norms. The following Table 2 illustrates how this diversity has been applied to the field of housing.

Table 2 The 'roots' of causality in divergent forms of housing provision (updated from Lawson, 2006:58)

'Roots' of causality	Causality in housing networks	Main proponents
Human agency, chaos theory and random choice	Chaos theory rejects linear, structural and modernist thinking and emphasises human agency. It perceives structure as being neither loose or tight, but always dynamic. Random utility theory explain human agency as choices between alternatives made on the basis of observed and unobserved attributes of alternatives, differences in tastes between the decision makers, and uncertainty or lack of information.	Young, 1992; Briassoulis, 2001.
Rational choice theory, personal utility and public choice models	The actions of housing agents are guided by rational choice (Elster, 1989), towards the achievement of maximum personal utility. Thus individual consumers, producers, financiers of housing make choices that optimise their own outcomes.	Olsen, 1965; Elster, 1989; Sommerville, 1999; Dieleman, 1996a.
Risk and trust in social transactions	Developments in housing policy are perceived in the context of a post-traditional 'risk society', of greater uncertainty, flexibility and change in social and economic relationships.	For a more sociological application, see: Beck, Giddens & Lash, 1994; 6, 1998; Allen, 2000; Fukyama, 1995; TT: Sargent, 1999, Nooteboom. 1995.
The influence of multiple agents upon housing provision	Corporate and managerial theories acknowledge the uneven power relations between housing agents. In addition to capitalist interests, agents of the state such as local government officers, urban planners, tenant managers, real estate agents and other housing professions mediate the distribution of housing resources (information, access, privileges) and thus, the outcomes of the housing network.	Saunders, 1983; Pahl, 1975; Simmie, 1981; Dunleavy, 1981.
The relationship between structure and agency	Housing is the mediated outcome of individual choice (agency) and of the rules and resources external to them (structure). Each defines the other, with neither structure nor agency having law like dominance.	Giddens, 1976,1982, 1984; Jyrkämä, 2000; Winter, 1994.
The influence of tenure, as a causal power, in social structures	These researchers have examined the importance of housing tenure, perceived as the bundle of rights and responsibilities, influencing one's power resources, social position and influence within social and economic structures.	Rex & Moore, 1967; Saunders 1982; Forrest, 1983; Barlow & Duncan, 1988; Marcuse, 1994; Murie, et al 1976
The mediated role of the state	Within housing studies, there has been a tendency to perceive the state as an independent, benevolent or even meddling agent. Alternative explanations emphasize broader social and economic structures.	Jessop, 1990; Marcuse, 1986; Kemeny, 1983; Lundqvist, 1990; Stillwell, 1986.

The political-economy of state, capital and civil society	Political economists focus upon the institutionalised circuits of savings and investment in the provision of housing, distribution of capital accumulation and exchange, and the exploitation of land rent and labour relations in geo-historically embedded systems of housing provision.	Harvey, 1978; Ball, 1983, 1986; Barlow & Duncan, 1994; Ball and Harloe, 1992; Harloe, 1987, 1995.
Labour and gender relations	The nature of work, its location, activity, income and security, influences the nature of housing services consumed. Housing consumption is influenced by the organization of paid work, access to credit and the separation of home from the workplace – often unequally affecting men and women.	Hamnett & Allen, 1991; Randolph, 1991; Hayden, 1981 Allport, 1983, Fincher & Nieuwenhuysen, 1998
Generative mechanisms	The mode of production generates causal chains, which in combination with contingent relations and other necessary relations contribute towards explanations for divergence in housing provision.	Jessop, 1990, Sayer, 1984, 2000; Dickens et al 1985.
Crises, coherence, social regulation and modes of capital accumulation	The urban development process is regarded as internally contradictory, lurching from crises to structural coherence. Continued existence lies in the interaction between modes of capital accumulation and the ‘regulation’ of society, leading to spatial unevenness and change in forms of housing provision.	Wright, 1978, Berry, 1983, 1999, Chouinard, 1996; Goodwin, 2000; Florida & Feldman, 1988
Phases of economic and welfare development	Relates the institutional development of the welfare state to the form of housing provision. Debate surrounds the extent to which the logic of capitalism and industrialism influences welfare state development and as a consequence, forms of housing provision.	Bengtsson, 2008 Donnison 1967 and Ungerson, 1982; Harloe, 1995, 1985; Burns & Grebler, 1977; Esping-Andersen, 1990; Barlow & Duncan, 1994; Castles 1997.

Building on the ontological arguments made in the previous section, it is contended that the basis for comparing developments in housing systems certainly goes beyond mere indicators of aggregated housing outcomes based on a cause-effect view of causation. The open, context dependant and complex housing nature of housing systems demands a more historical analytical approach, which searches for causal mechanisms that may or may not be observable yet have emergent powers to generate tendencies for certain events to occur. These causal mechanisms can emerge from the realm of dominant ideologies, such as ideas concerning the benefits of home ownership and the solidarity of co-operative housing, as what is considered rational in context can have causal effects. Causality can also be generated by actual material conditions, such as the presence of high rise building technologies or indeed the absence appropriate investment. Further, causes can also be embedded in long established social relationships such as those between rates of profit flowing from investment in private rental housing. Combined these different realms of reality can provide a rich source of causal explanation. This perspective necessitates strategic historical case study research, as Mahoney and Rueschemeyer argue:

“From the perspective of the comparative historical tradition, the universalizing programs of the past and present-ranging from the structural functionalism and systems theories in the 1960s and 1970s to certain strands of game theory in the 1980s and 1990s – have tended to generate ahistorical concepts and propositions that are often too general to be usefully applied in explanation. In viewing cases and processes at a less abstract level, by contrast, comparative historical analysts are frequently able to derive lessons from the past experiences that speak to the concerns the present. Even though their insights remain grounded in the histories examine and cannot be transposed literally to other contexts, comparative historical studies can yield more meaningful advice concerning contemporary choices and possibilities than studies that aim for universal truths but cannot grasp historical details.” (2003:9).

Progress in comparative housing history – towards the identification of emergent relations

Since the 1990s comparative historical analysis in the field of housing studies has contributed a rich source of discussion and debate. Theories of change in housing systems have been put forward debating convergence and divergence; explaining differences and similarities; linking powerful phases of economic development to the role of the state in housing and the changing role of housing consumption in the development of different welfare states. The danger has been that large scale, albeit historically informed comparisons can down play the locally embedded nature of causality affecting national housing systems.

Two theories have dominated comparative housing studies: Harloe’s theory of converging phases of development and Kemeny’s divergence thesis, focusing upon the financial position of social landlords and the state’s role in shaping competition between private and non-profit landlords. Harloe’s convergence model perceives systems of housing provision as oscillating between mass and residual forms of housing provision linked to normal and abnormal phases in capitalist development (Harloe, 1995). These phases are briefly summarised as follows:

Pre 1914 –social housing began in most European countries to assist the least well off

After 1918 mass model dominates during post war recovery

From 1920s to 1939 residual model was reasserted

From 1945-mid 1970s –the golden age of social housing

Since the mid 1970s –when the mass model was challenged and retreated as residualism advances (Harloe in Malpass 2008:4)

For Kemeny (1995) divergent systems emerge partly as a response of governments to the creation of specific types of rental markets (dual, integrated, unitary), where different rental models (cost rent, market rent etc) and competitive market conditions are of strategic explanatory significance. Several researchers have attempted to ground Kemeny's dual and unitary concepts via empirical case studies (Kemeny, Kersloot and Thalmann, 2005 on the Netherlands, Switzerland and Sweden and Elsinga, Haffner, Heijden 2008 on the Netherlands). Further, arguments challenging Kemeny's solution of an integrated rental market of non profit and for profit landlords have been recently made by Van der Heijden (2008). The concept of integrated rental markets is both relevant to this papers ambition to explain the different position of cost rent limited-profit in the rental dominated markets of Vienna and Zurich, and is returned to in the concluding section.

There have been numerous efforts to identify key phases in housing provision across the development of European housing systems (Matznetter, 2006), some linking these phases to key causal notions beyond Harloe's phases in capitalist development or Kemeny's financial maturation phase of landlords, often focusing on the role of the state at various spatial scales. This work includes Boelhouwer and van der Heijden's (1992) attempt to discern phases in policy development between 1945 and 1990 across seven Western European countries, defined by policy emphasis and degree of state involvement. Their phases do not follow a neat sequence, some continue to this day, whilst other phases are felt more intensely in some countries than others. Whilst this provides a parallel description of nominated policy phases it cannot explain differences because the phases represent event level outcomes rather than their causal mechanisms.

There are of course other theories of housing development and policy strategies. Most recently, Bengtsson (2008) building on Arnott (1987) and Oxley and Smith (1996), argues that West European housing policy is best perceived as the state providing correctives to the market, following four phases of establishment, construction, management, and retrenchment. It is claimed that these are "distinct phases in the history of Nordic countries in the 20th century and probably in most other Western countries as well" (2008:4). This conception of the role of the state in housing is contestable and there are certainly many others. How useful then is this generalised historical claim when trying to account for differences between countries, especially between the 27 member states of the EU, let alone countries as closely related as Austria and Switzerland? Even as an ideal type model, it may impede epistemological strategies and discourage more nuanced explanations for difference.

Yet another explanatory school, emerging from economic geography, state theory and urban sociology, derives developmental phases from the search for underlying causal mechanisms, with attention to the important role of dynamic state structures in their market context over time and space (Dalton, 1999, Berry, 1998, Terhorst and van de Ven, 1997, Hayward, 1992). In particular, the role of metropolitan governance in defining urban regimes and housing outcomes is considered to be integral to explanation for differences between the so called

‘national’ housing systems. Thus, rather than apply universal phases in development, explanations for change are derived from detailed historical analysis of cumulative periods of coherence, crises and adaptation.

It was Terhorst and Van de Ven (1997) who first proposed a complex and integrated notion of a dynamic state structures to explain divergence and change in the urban and housing outcomes of Brussels and Amsterdam between the 18th and 20th century. In abstract terms, they argue that the state is bound by contingently defined territorial, taxation and electoral rules that vary over space and time to influence urban development outcomes. To test their claim, they examined a number of phases in Amsterdam’s and Brussels’ history since 1830, producing an immensely detailed case study of various regimes and the crises that divided them.

This work certainly inspired my own work (Lawson, 2006), when comparing the development of sprawling home ownership dominated cities in Australia and compact social rental housing urban systems typical large Dutch cities, since the early 19th century to the present day. It emphasized the role of key social relations in comparative historical analysis and sought to define, through historical analysis the inter related and dynamic role of property rights, circuits of savings and investment, as well as labour and welfare relations, which underpin systems of housing provision. It was argued that these emergent relations and their path dependent institutions are of relevance to a variety of comparative housing research efforts, provided they are embedded and revised via intensive historical research and this paper continues in this vein.

Property relations are of great relevance to the development of housing solutions, embodying and distributing power between different groups in society, influencing investment patterns and modes of housing consumption (Lawson, 2006:68). This is because the system of property rights influences the allocation of wealth in society, incentive structures, and is subject to power resources, existing system of land tenure, usage, occupation, and ownership rights, and dominance of various market participants. In both Vienna and Zurich, property rights have been defined differently, with a strong role for public land banking emerging in the former.

Typically, housing is also an expensive good, requiring long term financial arrangements that can be channelled through a variety of different institutional routes, which are subject to varying degrees of regulation. Limited profit housing is typically an outcome of a specific regulatory regime and financial interdependencies, which once again are differently defined in Austria and Switzerland. Over the past century, the Austrian state, through various crises has retained a strong role in housing supply, stabilising and guiding construction efforts, whilst the Swiss state has played a more sporadic ‘market corrective’ role in times of market stress. This difference has institutionalised different strategies such as the development of revolving funds and co-operative structures to ensure financing continuity.

Another emergent relationship concerns the manner in which housing is consumed, which not only relates to property rights or investment mechanisms, but the means by which these services are paid for and sustained over time (Castles, 1998, 1988; Kemeny, 1995; Therborn, 1989). Attention should be given to changing labour conditions both in the formal, informal and domestic sector, where social networks, the wider community, as well as private, voluntary or state institutions may contribute towards housing payments (Kemeny, 1995) and mediate the way we consume housing (Lawson, 2006:38). Often overlooked, changes in

labour and welfare arrangement can have a profound influence in the way our housing systems are sustained and its benefits allocated.

Extending the approach taken in the 2006 study, this paper will explore how these emergent relationship affecting housing provision are contingently defined and packaged together differently in Vienna and Zurich, to influence alternative institutions guiding the promotion, finance, management and consumption of housing services under pinning the development of limited profit tenure.

Phases in the development of housing solutions are based on the concept of coherence, crises or adaptation affecting packages of key emergent relations underpinning open and vulnerable forms of housing provision (ibid, 2006:88). Recent developments in economic geography concerning the variety of capitalism thesis, path dependence and institutional layering compliment and enrich this approach, by strengthening the critique of convergence theses and focusing on scaled state structures and accumulation regimes amidst more globalising forces (Terhorst, 2008, Heiden and Terhorst, 2007, Brenner, 2004, Mahoney and Rueschemeyer, 2003, Boyer and Rogers Hollingworth, 2004). This is welcome, as it comes at a time when housing researchers are searching for new theoretical inspiration and seem unable to challenge globalising forces and universalising conceptualisations which are cast across very different housing systems by international agencies (eg European Competition Policy, sf. Elsinga et al, 2008, Gruis and Priemus, 2006). As will be demonstrated by comparative historical analysis of the two cases studies, institutions do adapt and new forms of regulation and accumulation cumulatively evolve over time, but there is no blue print or master plan of development and this process is never orderly, linear or predictable.

Section 2 Analysing difference

This section introduces the reader to the nature of limited profit housing in Austria and Switzerland; it briefly reviews existing explanations for the development trajectories in each case and abstracts the urban regimes, defined by shifts in emergent relations over time, to generate different housing outcomes in both countries.

The following discussion and table outlines the core features of limited profit housing in Austria and Switzerland today. Limited profit housing is a tenure which was established in the early decades of the 20th century in both countries, taking a very different foot hold in Vienna and Zurich.

Austria is a small regionalised federation of nine Länder or provinces, including Vienna, and numerous municipal governments. In urban areas, households typically rent their dwellings from municipal landlords, housing associations and to a lesser degree from for profit landlords. However, in rural areas home ownership is far more prevalent. Unlike many European housing markets, the Austrian system of housing has provided relatively stable and affordable housing conditions and has not experienced major price rises or stagnating production levels, as across many countries Western Europe. Housing policy in Austria is entrenched within a corporatist welfare regime, with cities such as Vienna taking a lead role and where the maintenance of a stable supply of affordable primarily cost rent housing but also home ownership for middle income households has been national and in particular urban economic strategy for more than six decades. Since Federal devolution to the Länder in the late 1980s, housing programs have been subject to capped federal transfers across an uneven political landscape, with conservative and social democratic parties linked to particular financial institutions and preferred tenure outcomes. Despite this policy trend, in the context of low interest rates, Austria continues to maintain an adequate long term supply of cost rent affordable housing, with Vienna continuing its preference for affordable rental promotion.

Switzerland is also a small regionalised Federation of 26 Cantons, including Zurich, and numerous small municipal governments. In urban areas the housing system is dominated by private market players in a commodified rental market system. This operates on a liberal cost rent basis covering finance, operation and maintenance costs. Rental vacancy rates are typically low in urban areas, especially in Zurich, where spatial development is highly constrained. Like Austria, ownership is only common in rural areas. Swiss housing policy has developed within a broader liberal/conservative welfare regime, amidst a distinctive democratic tradition of direct democracy and highly federalised state apparatus, providing scope for considerable variation in housing policy, between urban and rural areas. This has involved tenuous support for housing supply, via the sporadic subsidisation of limited profit co-operatives, municipal and private landlords. The following Table 1 describes the very similar features but differing market position in each case.

LP Housing	Austria	Switzerland
Number and proportion of LP units	22.4 percent of total stock, estimated 48 percent in Vienna (Rheinprecht, 2007)	13.8 percent of total stock, 20 percent in Zurich (Statistic.Info, 2004)
Management vehicle	Mainly limited profit rental housing associations 12.8% and also municipal housing companies 9.6% (Statistik Austria, 2004)	Mainly co-operatives 7.9%, also limited profit rental housing associations and municipal housing companies 5.9% (Statistic.Info, 2004)
Accountability	To tenant and shareholders, umbrella organisation and provincial government	To tenant and shareholders, umbrella organisations (3) and Federal government
Spatial allocation	Primarily urban areas, especially Vienna, where municipal housing is common	Primarily urban areas in larger cities, especially Zurich and Geneva
Access to land	Promoted via local and Lander land policies and development funds	Promoted via local and cantonal land policies and development funds
Financial arrangements	Limited profit cost capped cost rent business model, financed by grants, ongoing and significant public loans, supplemented by Bond financed private loans since 1990s, private capital market loans and tenant equity.	Limited profit cost capped cost rent business model, financed by sporadic public loans programs and grants (now ceased), modest sector managed public loans, supplemented by Bond financed private loans since 1990s, private capital market loans and tenant equity.
Subsidies and exemptions	Grants, public loans, bond financed cheap private loans, tenant equity. Exempt from corporate tax.	Publicly funded sector managed revolving and collective loan fund, government guarantee. Exempt from corporate tax.
Rent model	Rents defined by project costs must be below maximum and indexed	Cost rent cost capped limited profit rental housing, subsidies tied to dwellings affecting rents
Eligibility and Access	Broad access, waiting list for dwellings, city allocates 25% to those in need, modest housing allowances.	Broad access, waiting list for dwellings, co-operative allocates formerly subsidised dwellings to those in need, significant waiting lists, very low vacancy rates, variable allowances.
Regulation of social task	Competitive tendering, planning permission, funding conditions, auditing by umbrella organisations, reporting to provincial government	Code of conduct, Federal standards, local planning requirements, cheap loan conditions, competitive loans for innovative proposals.

Table 1 *A static contrast of limited profit housing in Austria and Switzerland*

We now move from this static *description* of the two housing tenures to the second and main purpose of the paper: to *explain* the differing and dynamic role of limited profit housing in two similar housing systems. Towards this goal the following section examines the development curve (Bengtsson, 2008) or trajectory of housing strategies, divided by periods of coherence, crises and adaptation, in each case.

Moving towards dynamic causal explanation for difference

To examine the development of Austrian and Swiss housing policy it is useful to understand their differences via developments at the urban scale, which have mediated national housing institutions in significant ways. Towards this end three methods have been employed. Firstly, a review of current explanations, from across the social sciences in both countries, has been undertaken towards the abstraction of important phases in the development of both systems. Secondly, interviews were conducted in each country with key players concerning past and contemporary policy developments, at the local and national level, which have helped to refine these phases. Thirdly, a number of papers have been presented on both housing systems

at research conferences generating constructive comments, which have been incorporated in this paper (Lawson, 2007a, 2007b, 2008a, and Elsinga, 2008b).

The Austrian system has been examined from a variety of perspectives employing concepts and theories from political science, economics, sociology, urban studies and demography. From these differing lenses the development of Austrian housing solution has been explained with causal reference to its professional movements in architecture and design (Förster, 2006); the interplay between market dynamics and key state institutions (Abele and Holte, 2007), the role of a benevolent state, using housing supply as a countercyclical economic tool (Czerny, et al 2007), the responsiveness of supply to demographic developments (Lee et al, 2001) and the financial, market and political position of social housing amidst broader developments of Austria's conservative welfare regime (Matznetter, 2002, 1990). There is a strong radical geography and political economy stream in Austrian social science, of which Novy (et al 2001), Redak (2000), Hamedinger (2004) Hammer (with Novy 2007) and Becker (with Novy, 1999) attempt to explain Austria's urban and housing trajectory by examining the relationship between national and local regulation of modes of development and corporatist traditions in decision making. The contributions of Matznetter (2002, 1990), Deutsch (2007, 2008), Förster, 2006 and Novy (et al, 2001) have been particularly helpful.

Housing, urban and town planning studies have not developed as a major field or focus for analysis in Switzerland, possibly due to the dominance of non-urban national interests in funding research centres. Yet they have been addressed by individual researchers embedded in much broader disciplines such as economics, architecture and ecology, as well as by public officials reporting on policy developments or by international researchers puzzling over unique aspects of the Swiss case. Most recently this work includes Thalmann, (2008, 2003) on vacancy rates, tenure and policy, Lawson (forthcoming) on state structures and housing policy, Hugentobler (2006) evaluating recent non-profit housing developments, Montezuma (2006) on institutional investment, Wezenmael (2006) on managing privatised housing, and Hauri (2004) outlining policy concerns and developments. There have also been important empirical contributions to theoretical propositions such as Kemeny, Kersloot and Thalmann (2005) on unitary rental market and Werczberger (1997) on the low rate of home ownership. Historical narratives have been produced by Lawrence (1996) on the Swiss housing system, Peter on the early development of Swiss public and co-operative housing, (1955) as well as Zurich's housing policy (1950) and finally, Straub on the aims of housing co-operatives (1941). Of course this is by no means an exhaustive list, and there are many relevant contributions which do not directly deal with housing concerns, but rather the role and relationships between municipal, cantonal and Federal governmental roles and related policy regimes (Haussermann, 2006, et al 2002, Obinger, 1998, Frey and Goette, 1998). Lawson (2009) critically reviews and builds on this work, which informs the following comparison with Austria's in the following section.

Abstracting key phases and shifts in the definition of emergent relations

As argued earlier, it has been contended that emergent relations essential to forms of housing provision, can be differently defined over time and space: the system of property rights and the exploitation of land and buildings, the system of savings, borrowing and the circulation of investment in housing, labour and welfare conditions and their influence on housing consumption (Lawson, 2006). Urban based local states play an important role at the sub national level, given the significance of local land, development and planning regimes. Using these relations and this territorial scale as a focus, informed by a review of relevant literature

as well as further research on developments in housing governance informed by local interviews, the following section examines how emergent relation, path dependency and institutional layering were in Vienna and Zurich over the 20th century to the present day.

Tables 2 and 3 below do not attempt to provide a detailed chronology of housing history, but illustrate one step towards a process of abstracting causal mechanisms influencing housing outcomes, towards an explanation of the different role played by the limited profit sector in Austria and Switzerland, with a focus on Vienna and Zurich. A more discursive analysis follows, which identifies coherent regimes and definition of emergent relations, which were packaged together to generate distinct housing outcomes. These periods of coherence were undermined by crises affecting one or more of the emergent relations, eventually leading to their adaptation and redefinition, path dependently building on the pre-existing housing institutions and processes.

Table 2 Coherent, cumulative and adapting regimes in housing development: Austria late 19th century to present

Regimes	Period	Property relations	Investment relations	Consumption relations	Housing outcomes
Laissez faire liberalism limited franchise	Late 1880s	Private, commodified, scarcity, speculation	Private investment primarily directed towards industrialization, rather than housing development	Liberal, unregulated, landlords exploit high demand and housing scarcity	Dominance of private rental sector, absence of social alternative. Overcrowded and unhealthy conditions.
Municipal socialism and co-operative utopianism broadening electoral franchise	1910-1934	Creation of the city state of Vienna in 1922. Electoral reform sees social democrats take control of city politics, taxing land and other assets, strengthens capacity in land development, planning, housing design	1910 National government channels tax revenue via public banks and later provides state guarantee to support cost rent housing. Vienna also uses powers to channel tax revenue to support co-operative and municipal developments.	Rent legislation in 1917 improves tenant conditions Radical squatter movement demands support from Vienna Needs based allocation of housing	Encouragement of competition with the private sector, which collapses. Disinvestment in private rental housing. Growth of municipal and co-operative housing experiments “Red Vienna”.
Command economy and Conservative fascism	1934-1948	City government dissolved, social democratic party banned, German Nazi regime in power 1938, targeted destruction of social housing developments	Flow of public finance into co-operative and municipal housing curtailed. Nazi German law consolidates limited profit cost rent housing model.	Suppression of organized labour and violence against progressive forces, including destruction of co-operative housing projects, war damage worsening housing conditions	Suppression of social sector Consolidation of limited profit housing model, war damages stock, serious housing shortages.
Corporate Fordist regime, reliance on familial welfare	1948-Late 1980s	Bi partisan, corporate commitment to housing supply as an economic strategy. Vienna reinstated, city’s land development role enables social housing development and combats private speculation	Absence of private finance. National government directs 1% tax revenue towards cheap state loans covering full costs. Later 1968 Federal government establishes financial relations with preferred banks to channel funds and promote rental and ownership housing development.	Supply of moderately priced quality housing to address real shortages and moderate wage claims. Modest demand side assistance since 1970s, family resources remain important.	Reconstruction via resurrection of social sector to address shortages and later improve quality, key role in industry and employment strategy
Weakening corporatism, devolved federalism and diverging housing outcomes	1988-2008	Devolution of housing programs, through four yearly agreements leads to differing emphasis on social rental and home ownership, Vienna sustains rental focus, promotes competition between social and private developers to maximize public outcomes.	Capped tax revenue for housing transferred to provinces amidst low interest rates. Increasing role of private finance and tenant equity, establishment of tax privileged bond finance circuit delivered via nominated banks sustains focus on cost rent cost capped projects, Vienna ceases to be a direct producer of housing.	Tenancy Law remains a national responsibility. Increasing role of housing allowances, although these remain a modest share of housing expenditure. 2006 EU requires inclusion of non-Austrian citizens eligible for social housing.	Maintenance of social sector which dominates urban housing market, sector used as a vehicle for urban policy goals, some indications that tenure is attracting more at risk households in globalising economy.

Table 3 Coherent, cumulative and adapting regimes in housing development: Switzerland late 19th century to present

Regimes	Period	Property relations	Investment relations	Consumption relations	Housing outcomes
Laissez faire liberalism amidst rapidly industrializing economy, minimal state with broad and direct electoral franchise.	Late 1880s	Commodified, market scarcity, lack of public resources and powers to steer orderly development of the city: a crises of collective consumption	Capital flows into the expansion of industrial development but housing investment lags behind.	Some regulations affecting rental contracts, scarcity exploited by landlords, growing labour movement, concerns raised by increasingly influential professional class.	Overcrowded and poor living conditions for workers, growth of inner city slums, health problems
Political movements such as municipal socialism and co-operative movement mediate urban state structures.	1907-1974	Increasing role of city in slum reclamation and urban development, local state aims to correct sporadic market failure provision of below market price land for social housing developments	Increasing role of public utilities municipal banks and pension funds investing in housing for their members. Zurich establishes principles for investment in promotion of municipal housing 1924	Cost rent model established, allowing rents to vary according to project costs. Via majority shareholding of co-operatives City influences eligibility and allocation, deeply subsidized housing allocated to lowest incomes.	Social housing construction used as a countercyclical tool during 1920s, in the post war period and post 1960s, favouring working families
Federal state intervenes to boost production but economic stagnation and fiscal austerity undermine cost priced indexed rent system.	1975-late 1990s	Increasing role for urban government in allocating sites for housing development, however urban land scarcity threatens pace of development	Mortgage guarantees, indexed public loans to address initial cost rent gap of financed projects (WEG system)	Rents fixed to 30 percent below cost level and allowed to increase yearly by 6 percent. Reliant on rising wages and housing prices. Supplemented by means tested housing allowances.	Attempt to establish a more permanent broad based model of housing supply support, growth in supply, eventual over supply.
Privatization of public finance model sustains low level social supply with modest policy ambitions.	2003-2008	Dwindling sites available for social housing development, city increases density rights and uses leasing to promote renewal and increased supply amongst older stock, increasing environmental and design requirements	Off budget financing mechanisms: revolving sector fund, bond issuing co-operative supplemented by a state guarantee.	Liberal cost rent housing model sustained but affordability policy recedes as loans of WEG subsidized dwellings expire. Vacancy rates reach historic low (<1%). Federal Executive proposes to link rents to average rather than actual project financing costs, to promote transparency (2008)	Social housing program rescued but narrowed, no longer a large program with countercyclical supply role.

Explanations for developments in Austria and Switzerland

What follows is a more discursive analysis highlighting of definition key social relations and their emergent powers during periods of coherence, crises and subsequent adaptation, influencing the position of limited profit housing in both cases. For a more detailed narrative of housing history in both countries, please refer to Lawson (2008).

An interwoven and cumulative explanation for difference

Long term developments Austria reveal that there has been a resilient and dedicated flow of state funds to bolster levels of social rental housing production, despite political crises in the 1930 and 1940s, which were reinforced by the urgency of addressing housing shortages at the turn of the century and especially after WWII. Support for generous supply subsidies have persisted despite economic malaise and fiscal austerity in the 1980s, the weakening of the corporate model and its replacement with more intergovernmental processes in the late 1980s and the EMU convergence criteria and EU competition policy. The emphasis on supply originates from a number of influential factors: the perceived failure of the private market under early 19th century liberalism in the context of massive migration to cities from refugees and job seekers and social unrest, the leading role of municipalities in land development established by Vienna during a wave of municipal socialism across Europe. Fascism curtailed the social democratic project but led to the adoption of German law concerning cost rent and limited profit housing. After the devastation of WWII, corporatist Fordist state strategy emerged to address the lack of private finance and ensure economic development via the reconstruction housing. Since that time there has been cross sector and cross party acceptance of the benefits of housing construction to the wider economy and family welfare, despite a number moves towards a great role for private finance and tenant contributions.

Despite a swing to more conservative parties at the Federal level, in recent times, the most populous and economically important city/state Vienna has continued to be governed by social democratic interests who have sustained an interest in social housing developments albeit with a shifting emphasis on supply, quality, social sustainability and energy efficiency. Taking early advantage of a collapse in the land market in the early 19th century, Vienna has become a strong player in the provision of development sites and has been able to dedicate these to fulfil its housing ambitions. Coupled with a flow of dedicated housing funds, collected by and transferred from the Federal government, it has been able to tailor loan programs and allocate funds, balancing political interests embedded within different housing organisations and thus sustaining strong cross party support for housing supply programs. Funds have not been diverted towards demand side assistance to any great degree, which has been resisted by the powerful non-profit housing construction lobby. Rather, allowances are modest and even repayable, providing loans to ensure that tenants and owners can make an equity contribution towards land and construction costs. The tenant, although well protected cannot be regarded as emancipated in this conservative, corporate welfare state, reliant to a greater degree on familial networks for housing related welfare. Indeed, limited profit housing is a mainstream housing choice, despite threats to the contrary (Deutsche, 2007, 2008) and Austria's poor and foreign have been traditionally housed in the more accessible private rental market, and reliant on modest and variable demand assistance and the resources of social networks.

Further, social housing finance has gradually become more closely integrated into the private banking system since the late 1960s and close political and organisational ties continue exist

between government, non-profit developers and these banks. Thus, when the governments required the capital markets to provide a greater proportion of finance for limited profit projects in the late 1980s, key banks with a strong history in social housing finance helped to design a new financing mechanisms: tax privileged Housing Construction Convertible Bonds delivered by special purpose Housing Banks. These Banks are financial subsidiaries which are embedded much five larger banks, such as Austrian Bank and Eerste Banks, with a long tradition investing in social housing development. Due to their lower prudential requirements, these subsidiaries actually improve the overall risk profile and liquidity of assets, and are a very welcome contribution to the mother bank.

Private rental housing has enjoyed far less favourable treatment in Austria. Strong rent regulation in the early 20th century, competition from subsidised cost rent social providers and subsequent war devastation seriously undermined and destabilised investment in this segment of the housing market. Unable to access these cheap sources of finance, whilst being subject to rent regulation, private landlords have been unable to compete against mass municipal and limited profit housing providers and remain in a weaker market position to this day. They are now eligible to provide limited profit rental housing, but lack the established expertise and networks to be successfully competitive. Only on the most marketable sites can private more expensive rental housing be successful in cities like Vienna. Conversely, these factors have ensured that limited profit housing enjoys a strong market position in all but the most expensive areas of the city.

Switzerland's struggle over property rights and the role of municipal government in this process has evolved amidst very different contingent conditions. Major cities such as Zurich have not endured the rise of Fascism and German occupation which dismantled stymied the co-operative and municipal socialist movement in Austria during the 1930s and consolidated the system of limited profit housing. Further, it has not experienced the destruction of property through civil unrest and military action which required the intervention of governments in consequent rebuilding programs. However, the municipalities and urban cantons have been active in the development, provision and facilitation of social housing development since the late 19th century. Urban responses were generated by a coalition of interests (professions, municipalities, unions, co-operatives) and financial institutions that could be manipulated (staff pension funds, Canton banks) which held key resources such as land and finance. Municipalities continue to hold crucial land holdings and have a key role in urban planning governing their development.

In Zurich, the availability of suitable sites has been a key factor in the pace, form and scale of non-profit housing sector development for more than a century. However, partially as a result of land scarcity, growth of the sector has declined. Zurich now leases some of its remaining parcels for 60 years with permission for specified housing developments. Rezoning land to permit higher density residential developments has favoured older, established co-operatives on the edge of Zurich and some large older mature cooperatives have been able to purchase their own land on the private market, but this is not common.

In contrast to the strong and sustained role of the Austria Federal government in providing and leveraging housing investment, in Switzerland for most of the 20th century, housing policy was activated when required to supplement local efforts and relieve periodic crises in the housing market, using cheap public loans to reduce high rents. These actions have been subject to the highly federalised, direct governance arrangements unique to Switzerland as well as dominant ideologies favouring a minimal welfare state and liberal landlord tenant

relations. The division of capacities between levels of government and the process of direct democracy have inhibited strong and pervasive instruments to steer to address market failure, meet local needs or address affordability concerns. Indeed, research on referendums involving distributional issues between urban and rural communities and concerning public housing for lower income households have failed in Zurich on numerous occasions (Frey and Goette, 1998). This is another reason why the non-profit sector is relatively small compared to Austria and is only able to make a marginal contribution to housing supply in major urban areas such as Zurich.

To illustrate, the 1974 system of public loans for promoting housing construction was curtailed by the Federal government in 2001, in the context of income and real estate deflation. While outstanding loans from this program were eventually repaid, it was never reactivated and alternative legislation was blocked in the Federal political area, dominated by rural interests with weak ties to urban constituencies.

In more a more favourable climate, the Federal executive has been able to establish an ongoing financing system to support supply with national social housing organisations. However, the requirement to seek Federal parliamentary approval for funding new programs was sidestepped by the executive in securing a less direct 'off budget' financing mechanisms to channel private investment towards non-profit builders housing, a process which has also enabled reforms in other forms of social and economic policy (Häusermann, et al, 2002). Close working relations between senior officers from the Federal Office of Housing and the sector's umbrella organisations established private non-profit institutions for financing non-profit housing, albeit on a modest scale: using small revolving loans, pooling financial demands via co-operative to raise funds via bonds and using a state guarantee. More information of these instruments can be found in Lawson (forthcoming). Unlike the Housing Banks system in Austria, social housing finance has been organised as a special club, separate from mainstream financial institutions.

Swiss limited profit housing occupies an important but far from dominant market position in largest urban centres. The profitability of private rental housing has been supported by liberal rent regulation, low vacancy rates and the sporadic supply side subsidies in periods of extreme housing shortage, accompanied by very minimal demand side assistance (Werczberger, 1997). In cities such as Zurich, the share of cost rent limited profit housing is not of sufficient size to moderate rent levels amidst extremely low vacancy rates (Kemeny et al, 2005). However, the well established system of cost price rents applied across the rental sector does ameliorate the worst excesses of an extremely tight rental market.

Section 3 Policy issues and theoretical debates

The comparative explanation above raises a number of interesting policy issues and builds on contemporary theoretical directions, concerning the role and purpose of social housing in market economies, which can be summarised as follows:

Policy issues

- Housing markets are never free, but embedded in a set of institutionalised practices and emergent relations shaped by the role of agents in the historical development of property rights, the circulation of development finance and the political economy and cultural of consumption which surround housing services.
- Housing systems not only differ across nations but they are entrenched in path dependent institutions and sustained by the specific historical definition of key emergent relations. Generalised prescriptions from international organisations are rarely appropriate or responsive to these differences and can even disrupt well functioning systems. However, few systems emerge in isolation, and frequently react and adapt to competing and often conflicting international influences (municipal socialism, co-operative movement, supply/demand side debate, competition and privatisation, home ownership and asset based welfare, etc)
- An entire package of measures is required to work in concert, including land, finance, rent regulation, re-investment strategies and support for consumption in order to sustain a limited profit housing system and maintain broad access. Few systems prosper without adequate public support, professional capacity and the engagement of the construction and finance industry.
- Supply side strategies, reducing the cost of producing rental housing, continue to play an important role in a number of European housing systems, despite a seemingly pervasive trend towards demand side strategies and home ownership promotion;
- Public or direct state loans are a means to manage the volume and regulate the social task of new developments. They can be complimented by private finance, but this too can be channelled in a ways which is cost effective and reinforces the social task of providers. In Austria this is achieved via ongoing share of public revenue, and the establishment of specialist Housing Banks, in Switzerland via revolving funds, a Bond Issuing Co-operative and state guarantee.
- Public land banking remains a very effective strategy in established cities such as Vienna, towards reducing the costs of social housing development and is effective in steering housing development outcomes and their renewal, particularly in a growing city with a young population. For many governments, privatised land corporations have been reduced to being a means to raise revenue, rather than a tool for achieving housing and wider socio-environmental objectives. Again Austria provides an alternative path.
- The cost rent model is not one that is accessible to the lowest income groups in the early years of the amortisation period without sufficient rent pooling, unless adequate demand side subsidies are provided. Reduced costs however, do decrease the amount of demand assistance required in the long term in a regulated cost rent system.
- Amidst a European debate concerning the targeting of public subsidies to the most vulnerable and those outside the market, the Austrian model stands apart for its commitment to supporting social housing as a mainstream tenure option, unstigmatised and complimentary to tenure alternatives and supporting efforts to promote employment, stable housing markets, social inclusion, environmental

sustainability and prevent the tenure polarisation which troubles more targeted systems with narrow allocation processes

- Regulating the social task of limited profit landlords varies from the strongly regulated and targeted housing providers in Austria to more self monitored performance driven organisation in Switzerland. The relative benefits of this can be seen in contrast with the Netherlands as argued in Lawson and Elsinga (2008).

A tentative theoretical conclusion

This paper also attempts to make several contributions to a number of theoretical debates concerning the nature of path dependency, the variety of urban development regimes, the differing ensembles of state structures in this process and the role and position of limited profit housing in rental dominated housing systems.

Both cases demonstrate the nature of path dependency in provision and how important differences can emerge from the contingent definition of key social relationships to generate very different markets for limited profit housing. Towards greater clarity in the concept of path dependency it is important to abstract key institutions and follow their coherent, crises prone and adapting path of development. This requires more thought than following a chronology of “policy events and processes that somehow changed the content of housing tenures or their respective relations.” (Ruanovaara, 2008b:2), and carefully examines the dynamic definition of integral relationships and their interdependencies.

Further, the explanation demonstrates the interrelatedness of both state/local public/private roles in the land, construction, finance and housing services markets. Indeed the power relations which are exercised through different state forms, the different ways in which urban and rural interests confront redistributive social policy issues, and the role of political party alliances in allocating housing resources, have been integral to understanding how institutions have evolved to promote limited profit housing. Further, these processes and structures have been confronted by very different contingent circumstances in Switzerland and Austria, which have been integral towards an explanation of difference in housing provision.

Building on the school of thought concerned with the variety of urban capitalist strategies and the role of social housing therein (Lawson, 2006, Terhorst and van der Ven, 1997, Dickens Duncan, Goodwin and Grey, 1985), we have witnessed how different modes of capital accumulation in the housing sector have been channelled to the uneven benefit of the either the non-profit or private rental sector. Contrary to functionalist structural theory, we see how investment in cost rent limited profit housing can be promoted by both state, capital and labour and indeed form an attractive business for the private banking system.

Further research is required to examine the intricate regulatory framework which mediates the agency both private and non-profit players in the housing markets of both countries to adequately contribute towards the concept of strongly and weakly integrated housing markets as defined by Kemeny’s rental market thesis (2008 Van der Heijden, 2008, Elsinga et al, Kemeny et al 2005) which would benefit from an integration of work by Amman and Mundt (unpublished), Deutsche (2007, 2008) and Thalmann (2008) on this issue. I look forward to continuing work in this field and to making a relevant contribution to policy and theoretical debate.

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