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

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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 emphasises similarities, and particularism that emphasises differences, middle way approaches that consider contexts, apply commensurability and apply theory that is fit for purpose 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.

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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 we distinguish between universalistic, particularistic and middle-way approaches to housing analysis and to 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 and particularistic approaches and their application to private renting leads 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 summarised. This draws on the authors' theoretical and empirical examination of the competitive gap between the two sectors in six European countries (Haffner et al, 2009).

2. **Private renting**

Simply defining the private rented housing sector in a consistent and comparable way provides a series of challenges. 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 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 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 next sections.
Table 1: Tenure structure of six ‘countries’, various years

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<tbody>
<tr>
<td>Market rented</td>
<td>14</td>
<td>18</td>
<td>21</td>
<td>49</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Social rented</td>
<td>18</td>
<td>5</td>
<td>17</td>
<td>11*</td>
<td>11</td>
<td>33</td>
</tr>
<tr>
<td>Owner-occupation</td>
<td>68</td>
<td>74</td>
<td>56</td>
<td>40</td>
<td>74</td>
<td>56</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>2</td>
<td>6</td>
<td>0</td>
<td>43</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

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

3. Universalistic and particularistic approaches to comparative research

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 the countries considered. Such an approach is convenient if comparative research includes a significant element of quantification. The search for “harmonised housing statistics” (Eiglsperger & Haine, 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 conceptualisation of tenures have to be minimised or ignored for such harmonisation 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 harmonised data. If universalism was 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?

### 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?

### 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, rent regulation and housing allowances 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, landlords in the private rental sector have a profit objective; they are letting dwellings to earn money (see Table 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 2 shows, each country has its own specific constellation of private rental landlords. There are in fact a range of different sorts of providers. Some are profit-orientated and some are less so. An example of the latter is the provision of dwellings that are provided on a rent fee basis or in association with a job. An example of the latter can 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 (ODPM 2005). It is thus a very diverse category and includes more than housing rented for profit by individuals and companies.

In Flanders, an administrative region of Belgium, it is the type of landlord that 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 registered or accredited social housing 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-oriented 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 (Haffner, 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 subsidised, 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, rents 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 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.

There are two categories of rented dwellings in the Netherlands: 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 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 a 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.
<table>
<thead>
<tr>
<th>Universalistic</th>
<th>Particularistic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>England</strong></td>
<td>Profit-oriented</td>
</tr>
<tr>
<td><strong>Flanders</strong></td>
<td>Profit-oriented</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>Profit-oriented</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>Profit-oriented</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td>Profit-oriented</td>
</tr>
<tr>
<td><strong>Netherlands</strong></td>
<td>Profit-oriented</td>
</tr>
</tbody>
</table>

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 this 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 analyzed as a universalistic phenomenon and as a particularistic phenomenon. From a universalistic point of view the countries distinguished in Table 3 all have some form of rent control. At a high level of abstraction there are in all countries measures 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 3).
Table 3: Rent determination in six European countries as a universalistic or particularistic phenomenon

<table>
<thead>
<tr>
<th>Country</th>
<th>Universalistic</th>
<th>Particularistic</th>
</tr>
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<tbody>
<tr>
<td>England</td>
<td>Limits on totally free market rents</td>
<td>free market rent setting and rent adjustment (after six months)</td>
</tr>
<tr>
<td>Flanders</td>
<td>Limits on totally free market rents</td>
<td>free market rent setting for standard new contract; index of costs for annual rent adjustment; exceptions</td>
</tr>
<tr>
<td>France</td>
<td>Limits on totally free market rents</td>
<td>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</td>
</tr>
<tr>
<td>Germany</td>
<td>Limits on totally free market rents</td>
<td>free market rent setting, unless exploitative rent; rent setting based on reference rents</td>
</tr>
<tr>
<td>Ireland</td>
<td>Limits on totally free market rents</td>
<td>free market rent setting; annual rent adjustments based on market conditions</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Limits on totally free market rents</td>
<td>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</td>
</tr>
</tbody>
</table>


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 like 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, France) or on market conditions (Germany and Ireland). There are variations, as Table 3 shows.

3.4 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 2 to 4, 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 tenure sectors and allowed for a systematic appraisal of the variations in the private sector/social sector relationship between countries.

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 emphasize 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, like 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 national 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 Section 2 and 3.3). 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 categorisation 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, cooperatives and churches see.

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 maximise profits. Moreover, using official statistics means that in a country like 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 organisations 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 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 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 inevitably subsidised. This line of thought is, however, incorrect from several perspectives. Firstly, depending 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 consuming housing below what it would otherwise of been (Haffner & 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 a subsidy. However, if a large social housing organisation 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 organisation’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 a 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 landlords can also contract to provide dwellings for social purposes and so an element of need is involved. This is the case for example in Germany and Ireland. In Germany private landlords have for many years supplied social housing in return for bricks-and-mortar subsidies. Tenants with recognised needs occupy housing that is privately owned and whilst 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 debateable 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 (http://www.irishstatutebook.ie/2009/en/act/pub/0022/index.html) which redefines social housing so that housing owned privately but allocated socially under the Residential Accommodation 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 (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 according 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, subsidisation 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 (like 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 sorts of context can be discerned, like 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 focussed 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.

When comparing between 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 country side. So in Haffner et al. (2009) we found that especially in France, and to a lesser degree also 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 between 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 rental sector and its relationship to 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. Especially, 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 Lowe, 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 perspectives. These are:
1. Differences in the actors that provide rented housing and in what exactly is provided;
2. Differences in whom the sectors are aimed at and in government policies towards the sectors;
3. 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 sectors 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 operationalise competitiveness. Substitutability was used to consider the extent to which households in the private and social sectors could find accommodation that was an acceptable substitute in terms of rents, 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 5 were assessed and in assessing rivalry the dimensions in Table 6 were assessed. The evidence considered on each dimension for each country is set out in Haffner et al (2009).

### Table 5: Substitutability between market and social renting and the concept of a gap*

<table>
<thead>
<tr>
<th></th>
<th>Competitive: small gap</th>
<th>Uncompetitive: large gap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accommodation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality and quality/rent relationship</td>
<td>Similar range of quality (accommodation and neighbourhoods) and similar quality/rent relationships in both sectors</td>
<td>Different and distinctive quality (accommodation and neighbourhoods) and different quality/rent relationships in the two sectors</td>
</tr>
<tr>
<td><strong>Property rights</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent regulation</td>
<td>Similar processes determine rent levels and rent increases in both sectors</td>
<td>Highly regulated rents in the social sector and no regulation of rents in the market sector</td>
</tr>
<tr>
<td>Tenant security</td>
<td>Security of tenure is very similar in both sectors (could be strong in both sectors or weak in both sectors)</td>
<td>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</td>
</tr>
<tr>
<td>Right to buy</td>
<td>Little difference in the opportunity for tenants to purchase in the two sectors</td>
<td>The opportunity to buy exists in one sector but not the other. Social sector is likely to have a right to buy</td>
</tr>
<tr>
<td><strong>Allocation system and choice between tenures</strong></td>
<td>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</td>
<td>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</td>
</tr>
<tr>
<td><strong>Housing allowances</strong></td>
<td>Housing allowances are available on a similar basis in both sectors. The system does not discriminate between the two types of household</td>
<td>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</td>
</tr>
</tbody>
</table>

Source: Haffner et al. (2009)
### Table 6: Rivalry between market and social renting and the concept of a gap*

<table>
<thead>
<tr>
<th>Small gap</th>
<th>Large gap</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Motives of landlord</strong></td>
<td>Landlords in both sectors have similar motives</td>
</tr>
<tr>
<td><strong>Product characteristics</strong></td>
<td>Similar products are supplied in the two sectors. The price/quality of the accommodation and the neighbourhoods in which it is located are similar</td>
</tr>
<tr>
<td><strong>Allocation scheme and customer base</strong></td>
<td>Policy and practice allows a wide range of households to be accommodated in both sectors. Similar households seek accommodation in the two sectors. The customers of the two sectors are thus similar</td>
</tr>
<tr>
<td><strong>Rivalry for contracts to provide social rented dwellings</strong></td>
<td>Profit and non-profit organisations can bid for contracts to provide social rented housing</td>
</tr>
</tbody>
</table>

Source: Haffner et al. (2009)

### 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 7:

1. 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.
2. There are significant differences between social and market renting in terms of dwellings, subsidies and types of suppliers but an intermediate sector that provides options for the consumer between these two. This is the case for France.
3. 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
(4) There is a small gap between social and market renting as a consequence of a 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 7: The competitive gap between private and social renting based on substitutability and rivalry**

<table>
<thead>
<tr>
<th>Rivalry</th>
<th>Substitutability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Small gap</td>
</tr>
<tr>
<td>Small gap</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Large gap</td>
<td>Ireland</td>
</tr>
</tbody>
</table>

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 judgements were inevitable.

5. **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, whilst 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 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 Accommodation 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 much 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 proposed 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 context 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 value of a middle-way approach to the private rented sector, whatever its form, 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.

6. References


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