Magical or monstrous? Hybridity in social housing governance: Understanding market oriented reforms of social rental housing

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INTRODUCTION

hybrid (n.)
c.1600, from Latin hybrida, variant of ibrida “mongrel,” specifically “offspring of a tame sow and a wild boar,” of unknown origin but probably from Greek and somehow related to hubris

Online Dictionary of Etymology, 2013

In the early 1990s, author and activist Jane Jacobs used a platonic dialogue to explore the moral systems by which everyday working life functions. Drawing inspiration from Plato’s own assertion that justice is “to perform one’s own task and not to meddle with that of others” (Jacobs, 1992, p. 32), her characters examine diverse historical examples of human behaviour, taking note of what was exalted, expected and abhorred in particular situations. Collectively, they distil two radically different and fundamentally conflicting sets of morals and values, both essential to daily life and human survival. The ‘guardian moral syndrome’, with origins in hunting and warfare, finds its modern incarnation in organised government. It relies on values such as loyalty, force, tradition, hierarchy, and honour, yet permits deception for the sake of a common task. In contrast, the ‘commerce moral syndrome’ has origins in the first forms of trade. It runs on competition, transparency and trust, or adherence to contracts. Crucial to Jacobs’ argument is that each ‘syndrome’ forms an integral set of attributes, so that loss or destruction of any part impairs the integrity of the whole (p. 101). Accordingly, the two syndromes must be kept separate. Those living according to guardian values must above all shun trade, which may divide loyalty and lead to disaster. Conversely, those in commerce must shun force and dishonesty, or risk compromising the integrity of their moral system of survival.

Despite potential for strategic alternation between the two modes of survival, real damage is done by behaviour that picks and chooses functions and precepts from both moral syndromes, mixing them together (p. 151). While such behaviour is inevitable, commerce and guardianship may never be properly harmonized, since “the contradictions are innate” (p. 106). Attempts at harmonization bring forth ‘monstrous moral hybrids’, such as organized crime, or dysfunctional government run businesses. From these monstrous constructs flows systemic chaos, leading to a state of moral and institutional discord (p. 130). Famous for her criticism of public sector modernist megaprojects in housing and transport, Jacobs takes a harsh view of guardians, and is kinder to commerce, which “hangs from a gossamer web of morality and trust” (p. 9). The examples of monstrous hybrids that she describes raise a set of questions about the potential for big government to compromise the integrity of commerce (see p. 98). Yet with her closing statement, she also invites exploration into the monstrous moral hybrids of liberal western democracies: “former Marxist societies, as they seek to reconstitute themselves, desperately need to clarify right and wrong in business and politics. But so do we” (p. xiii). Jacobs’ invitation was timely. As she wrote, sweeping reforms were underway in Western democracies, consistent with the promotion, generally in the name of efficiency, of markets, market mechanisms and individual responsibility (Wacquant, 2009, p. 306). These reforms would eventually redirect attention to a second set of questions that flow from Jacobs’ work about the potential for the dynamics of commerce to compromise the
integrity of government, and in particular the provision of public services such as education, health, social security and social and affordable rental housing.

MARKET ORIENTED REFORMS OF WELFARE STATE SERVICE PROVISION

For much of the twentieth century, government agencies in Western democracies played an active role in the funding, planning and often in the direct provision of welfare state services such as income support, health, education, employment, housing and public works. Following the Great Depression, and in the post-war decades, public service provision also helped drive broader strategies of economic growth. In some national settings, financial institutions connected to the state helped fund public projects, creating ‘virtuous’ circuits of capital. Independent of market forces, state agencies made counter-cyclical investments in public works and housing provision to boost employment and encourage industrial development. Key policy documents such as the UK Beveridge Report of 1942 framed the post-war expansion of the welfare state in terms of rational adaptation, efficiency, effectiveness and value, stressing the relative inexpensiveness of direct public provision. In theory, state run schemes also enabled democratic accountability. However, in practice, public initiatives were often based on compromises between ideological coalitions that did not always live up to these ideals (Hays, 1995). For example, powerful New York City public official Robert Moses, nemesis of Jane Jacobs, occupied twelve public positions simultaneously to monopolize control of major public works (Goldberger, 1981). Bureaucratic planning and implementation did not always meet needs, deliver quality, or provide for sustainability. The famous mid 1960s ‘Million Programme’ of public housing construction in Sweden for example, raised living standards, but was seen as a design failure, leading to decline and concentration of disadvantage, thus reinforcing social inequalities (Magnusson Turner, 2008).

In the early 1970s, slowing growth and economic restructuring forged a divide between those funding services and those relying on them. As debate turned on who was entitled to income support, education, housing, healthcare and other services, which actors were best positioned to provide them and how they should be financed; policymaking took a neoliberal turn. Propelled by rhetoric such as “government is not the solution to our problem; government is the problem” (Reagan, 1981), and “the era of big government is over” (Clinton, 1996), the last two decades of the 20th Century saw access to welfare state services narrowed and government functions downsized. More market-oriented ways of providing public goods and services were encouraged. State agencies took on facilitative roles, steering and ‘governing’ private actors—some not-for-profit, and some commercially oriented. Through mechanisms such as social enterprise, understood in terms of “trade for social purposes” (Mullins et al., 2012), these actors took on greater roles in the provision and financing of welfare state services. These similar patterns of change played out differently in different types of regimes. In social-democratic Sweden and in the Netherlands, recognized as both social-democratic and corporatist (Esping-Andersen, 1990), institutions with public functions such as universities, pension funds and social housing providers gained financial independence. In reforms later described in terms of hybridisation “with the substantial introduction of liberal elements” (Oorschot, 2006, p. 58
and 62), policy placed stronger reliance on market mechanisms, individualizing risk and responsibility. In a study of the impact of neoliberal reforms on the Swedish housing systems, Christophers finds that existing social inequalities are intensified by new policy measures. He describes the emerging system as a ‘monstrous moral hybrid’ in Jacobs’ sense of the term (Christophers, 2013).

As aspects of public service provision moved into the private market and decision-making powers flowed to the non-elected, policymakers framed reforms as modern, inevitable, rational, unidirectional, morally legitimate and in some cases – even magical adaptations to problems such as the need to raise private capital for social projects (see Cameron, 2011). Market-mechanisms of competition and trade would help ‘correct’ the failures of bureaucratic planning and allocation, bringing greater innovation, value, and sensitivity to local needs. Hybrid constructs of bureaucratic and commercial logic would lead to institutional complementarity, magically raising quality and efficiency without negative side effects. In the first years of the 21st Century, the participation of private entities and commercial market forces in public service provision intensified as global capital markets expanded access to credit and diverse investment opportunities. Organisations with social mandates such as municipalities and charities began to rely on their investment portfolios to supplement dwindling public funds.

With the onset of financial crisis, new risks of these arrangements came to light. The Federal takeover of Fannie Mae and Freddie Mac, US government sponsored enterprises that had helped expand the secondary mortgage market on the implicit assumption of government backing, resulted in massive losses at cost to the tax payer. Charities, universities, pension funds and other organisations charged with public tasks also lost significant funds. In the Netherlands, Vestia, a private not-for-profit housing association, made headlines in 2012 with a €2.1 billion loss on a single derivatives deal (Fearn and Allen, 2012). More recently, global corporation Serco, a private for-profit provider of public services, including prisons, transport, schools, and asylum-seeker detention centres has been dubbed by mass media as ‘the company that runs Britain’, and stands accused of overcharging, lying, and human rights abuses (Harris, 2013). The rise of these and other 21st Century hybrids has brought Jacobs’ notion of a ‘monstrous moral hybrid’ back to into public debate as a rationale for diverse ideological agendas (e.g. Lee, 2012).

**RESEARCH AGENDA**

Institutional constructs blending public policy goals and commercial market mechanisms in different ways have been with us since government first began to regulate markets. In the wake of the Global Financial Crisis, hybrid arrangements such as social enterprise are increasingly central to contemporary welfare state service provision. While such constructs are often productive and highly valued, incidents of mismanagement and corruption have also led to criticism and problems of organisational legitimacy (Salamon, 1999). Between the ideological extremes of a ‘monstrous moral hybrid’ and a magical equilibrium of public stewardship and private enterprise, there exists a diversity of new institutional arrangements; the long-term strengths, risks and weaknesses of which remain academically underexplored. Some have
developed from community grass-roots origins, some are top-down constructs of public policy, and others have grown to fill niches in emerging 'social' and 'semi-social' markets. Both within and outside newly designated academic disciplines such as 'third sector studies', research is needed to better understand the hybrid constructs emerging from market-oriented reforms of welfare state services. Studies are needed in all areas of service provision, focused at multiple levels of action (Rhodes and Mullins, 2009).

The articles in this study explore how market oriented reforms have played out in one particular part of the welfare state; the field of social rental housing provision. In the figure below, these reforms are modelled in terms of a reduced involvement of public authorities in planning, funding, and provision of housing and a reduced reliance on bureaucratic distribution and state subsidies. This is coupled with a corresponding intensification in the role of private entities, market mechanisms, and commercial capital.

Figure 1.

Changes in social rental housing provision

Although the reforms examined in this study generally run from the left to the right, it is important to acknowledge that change can and does occur in either direction along the three axes shown above, giving rise to new hybrid arrangements. While policy rhetoric may describe a repositioning in the role of tenants from 'passive recipients' of bureaucratic services to active 'customers', they are here seen as among the collective owners of a system that performs a public function, and belongs to the public, thus requiring stewardship. An elaboration on this and other ideological positions on state-subsidized rental housing can be found in Hays, 1995, pp. 25-40.

Social rental housing varies in scale and meaning over space and time, to the point that it is difficult to find a single label for all of its incarnations. Here, the term 'social rental' captures
supply-side rental housing provided according to publicly defined criteria. It is supported by the state, either through direct subsidies, or indirect benefits such as tax concessions or cheap credit. This enables rents to be set at income-related or sub-market levels. Access may be selective on the basis of publicly defined interpretations of need, or ties to a given community. Alternatively, policies regulating access may serve other policy goals, such as increasing income diversity in a given neighbourhood, or supporting key workers. While universal access has been provided in certain settings, doubts have been raised as to whether this ideal has ever fully been realised (Harloe, 1995; Kemeny, 2005). Following the practice in the UK and Australia, ‘social rental housing’ is used in this introduction as an umbrella term for variants such as ‘public’ or ‘affordable’ rental, with the caveat that it does not fit in all national settings. In chapters discussing the US, the more general ‘state-subsidized rental housing’ is sometimes used in place of ‘social rental’, which does not resonate in the US context.

As both a fundamental element of welfare demanding state involvement and an individual market good and major economic asset (Christophers, 2013), housing has a complex and widely varying role in society, leading to ambiguity. This may help explain its exclusion from certain welfare state typologies (see Esping-Andersen, 1990; Kemeny, 2005). As a field, housing policy has been described as unique in that it is based on state correctives to the market, which provides the basic mechanism of distribution (Bengtsson, 2001, p. 259). However housing studies continue to explore its role within the welfare state. For some, housing is ‘the wobbly pillar’ of the welfare state, differentiated from more de-commodified aspects of social provision, such as health and education, by its role as a “core element in the capitalist organization of society” (Harloe, 1995, p. 3). Social housing, as a potential affront to commercial market norms, is thus never likely to be more than a peripheral aspect of welfare provision. Other studies explore the role of private housing wealth in broader welfare state configurations (Kemeny, 1995; Malpass, 2008; Doling and Ronald, 2010). While the peculiar dynamics of housing policy may not be generalizable to all areas of social service provision, reforms in housing, subject to normative requirements that span state and market, may be seen as an extreme case of the broader problem of providing public goods in a private market context.

CONCEPTUAL APPROACH

This study aims to transcend the frame of rationalist adaptation by giving attention to the “wider societal, ideological and political dynamics” of policy reforms (Dart, 2004 pp. 411-412). In doing so, it also seeks to avoid the essentialism of Jacobs’ argument that all moral hybrids are by nature monstrous. Following the observation that “as long as housing is seen as ‘either state or market’, we will not be able to analyse the complex interrelation between state and market mechanisms in real-world housing” (Bengtsson, 1996, p. 2), it takes an institutional approach to the analysis of market-oriented reforms of social rental. Institutional arrangements in between public and private realms are examined as ‘hybrid’ constructs, spanning state and market, combining public and private attributes action logics, and subject to multiple and sometimes conflicting accountabilities.
The approach follows a number of other studies in the field of social rental housing provision that apply the concept of hybridity at the organisational level. These studies draw on institutional theory to develop concepts such as trade-offs between social and commercial goals and competing institutional logics (Czischke et al., 2012; Mullins et al., 2012; Teasdale, 2012; Gilmour and Milligan, 2012). Hybrid organisations are viewed as possessing characteristics of more than one sector, and being accountable to multiple stakeholder groups (see Billis, 2010, p. 3). This enables analysis of organisation forms between commercial profit-seeking entities and not-for-profits. Following Rhodes and Mullins (2009), the study also explores market-based reforms of social rental housing at the levels of programme and policy field, making use of ideas such as hybrid financial dependencies and hybrid policy systems.

The conceptual approach of hybridity raises questions as to whether it is useful to think in terms of a ‘third-sector’ in social rented housing provision, where these hybrid arrangements supposedly dwell. The view taken here is that the dualisms of state and market and public and private sectors retain far-reaching powers, as ‘necessary analytical notions without which it is impossible to understand or describe modern life’ (Salamon & Anheier, 1992, p. 126). Citizen ownership, democratic representation, bureaucratic distribution and complex policy goals, for example, contrast markedly with shareholder ownership, corporate governance and market mechanisms. Contrary to the notion of an integral ‘third sector,’ the arrangements examined in this study generally remain accountable to public and private law, and are thus positioned at the threshold of state and market domains, with the result that the boundaries of these realms may be frequently transgressed or altered as resources, accountabilities and decision-making powers shift across them. This may lead to ambiguity, a term that derives from two Latin words meaning ‘drives both ways’ (Oxford Dictionary, 2013).

To borrow, as Jacobs did, from the field of social and cultural anthropology: “the attributes of liminality or of liminal personae (“threshold people”) are necessarily ambiguous, since this condition and these persons elude or slip through the network of classifications that normally locate states and positions in cultural space” (Turner, 1969). As liminal institutions and arrangements ‘at the threshold’, hybrid organisations, schemes, and systems of social rental housing provision spanning state and market domains may be subject to instability. Unless they develop their own internal institutional structures, this may lead to dissolution (Turner, 1969). This raises questions as to the positioning of hybrid entities over time in relation to public and private realms. Hybridisation is analysed as a dynamic process, with consideration given to the mechanisms driving change (Mullins et al., 2012). In recognition of the ambiguity and potential creative power associated with liminality, the approach taken in this study allows for both magical and monstrous hybrids to emerge.

**RESEARCH PROBLEMS**

**Incentivizing private participation in social rental housing provision**

Market oriented reforms of social rented housing encompass inherent tensions. The ‘invisible hand’ of the market excludes certain groups, and yet market mechanisms are still relied upon to house them. This implies a role for the state in negotiating terms for their re-inclusion in the
housing market. While mission-oriented entities may, in theory, be harnessed to fulfil a rational planning agenda and meet social need, commercial actors are bound to maximise profits. Their participation will require financial incentives or legislative requirements to participate. Policymakers thus face the challenge of cutting for-profit actors into the game with public funds and housing outcomes as bargaining tools.

Problems of control and legitimacy
Once the participation of for-profit actors is enlisted, problems of control arise. Government regulation is required to ensure that public resources flow to the agreed outcomes. In many settings, private mission-oriented not-for-profit entities such as charities, housing associations, and community development corporations have provided a crucial conduit between public policy aims and market dynamics. As public powers and assets pass outside the realm of democratic accountability, the connections some of these actors have with their local communities have provided alternative pathways to organisational legitimacy, via new means of representation and participation. A not-for-profit orientation and a defined social mission, may, at least in principle, provide an alternative form of public stewardship. Yet just like any other organisational entity, the not-for-profit form is fallible.

Regardless of the orientation of private entities providing social rental housing, government regulation is a double-edged sword. Where commercial debt or equity investment is sought, public regulation may be required to provide an acceptable degree of economic certainty. However, this may come at the expense of social goals such as protecting tenants’ rights, which may be antagonistic to commercial investment. Once profit-oriented investment capital is on board, providers must be free to act on market signals. In this light, control is not a simple regulatory problem, but a dilemma: how can private providers of social rented housing be regulated for public accountability, without diminishing their capacity as commercial market actors? In addition to problems of regulation and control, state actors seeking to move public tasks into a private market context face problems of legitimacy, defined here in terms of “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574). Both state policymakers and private actors need to cooperate in ‘gaining and maintaining’ legitimacy for new market-oriented arrangements (p. 574). This applies both to organisations that rely on establishing a public identity, and to programmes or schemes that rely on the participation of a wide range of actors to deliver desired outcomes. In instances of mission failure or corruption where legitimacy is lost, state policymakers are often charged with the task of repairing it.

Organisational legitimacy may hinge on being recognized and understood by the public, being accepted on the basis of a useful function, or being morally judged to be ‘right’ or appropriate. In the case of market-oriented reforms of social rental, fundamental questions such as ‘to whom does the housing really belong?’ may arise. Where private entities are charged with public tasks, the question arises as to whether they are entirely private, or semi-public, with the risk that complex structures linking public and private realms may mask responsibility and cause confusion (Stoker, 1998, p. 20). As an example, the legal status of
private-not-for-profit housing associations providing social rented housing has been the focus of both controversy and confusion, especially in the UK, where a large sector operates under a government regulatory framework. The UK government’s ‘list of general housing terms’ explains that while social housing is not generally classed as part of the private sector, the not-for-profit housing associations that provide it are treated as private sector in government accounting. To avoid confusion, readers are then advised to consider them public bodies except for accounting purposes (UK Government, 2013). This is suggestive of a “divorce between the complex reality of decision-making associated with governance and the normative codes used to explain and justify government” (Stoker, 1998, p. 19), which can lead to problems of legitimacy.

Conceptual challenges in understanding market oriented reforms of social rental housing

For the field of comparative housing research, market oriented reforms of social rental housing also bring forth new conceptual challenges. Existing theoretical models may need to be reviewed in light of empirical change. Arrangements across and between public and private realms may be difficult to describe without somehow transcending the public/private dichotomy on a conceptual level. How can institutional constellations crossing the borders of state and market best be understood? In studies that take a longitudinal approach, how should broad processes of change best be conceptualized? While academic studies have drawn dramatic tension from a sense of inevitability around the marketization of public services, often conceptualizing change as unidirectional, how can change that runs back in the other direction be depicted?

RESEARCH AIMS AND STRATEGIES

Within the context of social rental housing provision, this study explores these and other policy dilemmas as problems of hybridity. Through a series of comparative articles focused at multiple levels of action, the research sets out to explore how the increasing salience of market mechanisms, private interests, and commercial finance impact the provision of social rental housing in policy sectors undergoing neoliberal reforms and processes of hybridization. Consideration is also given to the conceptual implications of these changes for comparative housing research, with existing conceptual tools, such as models of social housing provision or rental markets reviewed against patterns of empirical change.

In line with the aim of explorative insights into a complex phenomenon, market-based reforms of social rental housing are examined from a number of different angles, with attention to the nationally specific societal, ideological and political dynamics that drive them and shape their outcomes. While different methodological approaches are outlined in each chapter, the broad approach follows Jacobs’ distillation of the moral codes that underpin problems of hybridity, yet applies this to market-based reforms of social rental housing. Through analysis of media coverage, political speeches and expert interviews, with attention to what is both demanded and contested, problems of hybridity emerge that are connected to issues such as organisational legitimacy, control, and multiple accountabilities.
Problems of hybridity in social rental housing provision are explored through four comparative discussions, covering multiple levels of action and incorporating some variation in types of welfare regimes. Rather than attempting to identify general causal laws, the research explores market-oriented reforms to identify common patterns that are likely, but that may not manifest in all instances (see Collier and Mahon, 1993). While patterns of change are multi-causal, comparative analysis of these patterns across different national contexts enables some theorisation about the likely drivers of change. Although the four international comparisons are structured in nature and may be typified as case studies, the aim is not deep and systematic comparison, but rather the better understanding of a complex phenomenon over a wide and differentiated basis of evidence (Oxley, 2001). The approach thus follows the logic of context + intervention = possible outcomes.

Comparisons are made across liberal welfare regimes of the US, Australia, and England in order to identify common trends in market-oriented reforms of social rental housing and to explore how a new logic of social and affordable rental provision is iterated in each national context. Comparative discussion of the trajectories of not-for-profit housing associations, as facilitators of market based reforms, covers the social-democratic/corporatist regime of the Netherlands and the liberal Australian regime in one study, and then the Netherlands and England (also classed as liberal), in another. This enables a contrast-based approach. This limited choice of empirical examples does not provide for a comprehensive comparative study of social housing’s role in different types of welfare regimes. Rather it aims to encompass the extremes of hybrid identity, in settings characteristically placed at opposing poles in theoretical models, yet undergoing dynamic, border-crossing changes. It also includes social housing sectors at different stages of development, with some interesting implications for public acceptance linked to the size and scale of hybrid arrangements. However, the discussion remains sensitive to the potential for new forms of social rental housing to indicate changing welfare state configurations. The choice of cases thus follows the logic that insights into the role of hybrid organisations and structures arise as borders and boundaries are crossed.

In each comparison, an attempt is made to position marketed-oriented reforms of social rental housing provision within the context of the main institutional structures that characterize each national housing policy field. This approach acknowledges that such reforms may increase the likelihood of international policy transfer despite the fact that institutional variations across policy contexts tend to render direct transferability low (Oxley, 2001; Kemeny, 1995). National policy systems are thus viewed as “open and integrated with a range of international variables” (Oxley, 2001, p. 104). The study explores how market-based reforms play out at the levels of organisations (social housing providers), of programmes (schemes for provision of affordable rental housing) and of national systems of social and affordable rental housing provision.

**READING GUIDE**

**The organisational level of action**

The first two articles in the series explore problems of hybridity at the organisational level. They focus on private, not-for-profit housing associations, the favoured providers of social or ‘affordable’ rental housing in several national settings and key facilitators of market-oriented
reforms. Comparison of their development trajectories provides insights into the broader dynamics of market-based reforms, including the problems that arise when private entities perform public tasks in a market context. How are these actors co-opted and legitimised within public policy? How do other actors in the housing market view them? What impacts have market-based reforms had on their growth and development? How can these private entities be regulated, without diminishing their ability as market actors? How do these reforms fit into dominant conceptualizations of social housing systems?

Chapter One of the study develops the concept of hybridity as a conceptual approach to understanding market-oriented reforms of social rental housing. Focusing on the changing role of not-for-profit social enterprises in the housing market, it looks for insights within their ‘hybrid’ status, spanning state and market, and subject to multiple sets of institutional conditions. Drawing from diverse sources outside the realm of housing studies, including classical mythology, four frames of hybrid identity are developed. The first frame of transformation is frequently associated with the not-for-profit sector, which is often understood to be in perpetual adaptation as it shifts across the boundaries of state and market. Secondly, hybrid organisations are described as cross-cultural icons, forging links between cultures. The not-for-profit sector thus becomes an agent of institutional mediation, helping government to connect with community networks and enlisting for-profit partners. A third frame of hybrid vigour illustrates the potential for inherently powerful hybrid forms to develop, creating super-blends of their parent components and leading to institutional complementarity. The flip side of this frame is the vulnerability that comes with hybrid responsibilities, and the conflicting sets of rules attached to them. From both commercial and public accountability perspectives, hybridity may also be read as a transgression. Here the flexibility of hybrid status, which blends action logics and combines social and commercial functions, may be read as duplicitous, unjust or threatening, leading to further transformation.

These four frames are substantiated via a discussion of two different sectors of not-for-profit social entrepreneurs in Australia and the Netherlands. The growth trajectory of each sector over time is examined. Following an approach similar to that taken by Jacobs to exploring the moral foundations of politics and commerce, the construction of hybrid identity from both public and private perspectives is explored. Drawing on policy rhetoric, expert interviews and media coverage, and giving attention to what is exalted, expected and abhorred, institutional pressures are revealed that help explain political processes of framing and set the current context for development. This brings forth implications for existing conceptual tools, as well as directions for new research.

Chapter Two of the study focuses on not-for-profit housing associations active as social enterprises, with comparisons made across the Netherlands and England. Seeking an alternative to portrayals of market-based reforms as unidirectional and inevitable processes of ‘modernization’, it uses a comparison of the development trajectories of sectors of not-for-profit providers in their respective housing markets to explore the problem of conceptualising change in social rental housing provision. By tracking policy shifts and debate over their organizational legitimacy, as defined by Suchman (1995), the research provides an alternative view of change. Movement between the realms of state and market occurring as housing
associations try to negotiate different and sometimes conflicting institutional requirements, may create, alleviate or exacerbate problems of legitimacy. These include basic aspects of organisational identity, such as legal status.

Through the Dutch case, which explores an attempt by stakeholders to formalise a ‘middle field’ for social enterprises in diverse areas of public service provision, insights emerge into the problem of conceptualising a third sector. Contrary to the ideal of developing stable arrangements in between state and market, the analysis suggests that over time, aspects of the work and identity of housing associations shift between public and private domains. Rather than being unidirectional, change emerges as cyclical and prone to sudden swings of the political pendulum.

The ‘programme’ level of action

In an age of dwindling public subsidies, an increasing proportion of public goods are provided through programmes, rather than being backed by on-going subsidies (Hays, 1995). This is seen as a more flexible approach that enables state agencies to respond to changing political priorities. However over time, these programmes may become deeply institutionalized, giving rise to new logics of provision. Chapter Three of this study focuses on programmes that bring together mission-oriented and profit-oriented actors to provide ‘social ’or ‘affordable’ rental housing. These programmes provide a microenvironment within which the dynamics of market-oriented reforms of subsidized rental provision may be explored.

The research compares what may be the world’s two most marketized programmes for affordable rental housing provision, one in the US, and an Australian programme based on the US approach. Both schemes aim to incentivise steady streams of institutional investment in affordable rental housing provided by large-scale institutional investors such as banks and pension funds. While both have been propelled by the notion of the ‘invisible hand’ of the market as a force to minimise the role of government, whilst still achieving efficient outcomes for all market participants, the question is asked as to what extent the programmes still rely on government intervention. The comparison provides insights into numerous problems of institutional hybridity. Complex institutional architecture has developed in order to bring together public and private actors with different goals and orientations. Market mechanisms as a means of delivering public goods such as affordable housing have both advantages and serious shortcomings.

Systems of social and ‘affordable’ housing provision

Chapter Four of this study explores the dynamics of market-oriented reforms at the level of national systems of subsidized rental housing provision and considers their implications for dominant conceptual tools in the field of housing studies. Through a comparison of reforms in the US, Australia and England, it examines how these market-oriented reforms have played out within three liberal welfare regimes, and uses this as an opportunity to review dominant models by Kemeny (1995) and (Harloe, 1995). While these models collectively characterize subsidized rental housing provision in liberal welfare regimes as ‘residualised’- limited to the poor and cut off from market forces, contemporary policy rhetoric casts doubt on their currency.
In 2012, the US Federal Government acknowledged a severe crisis of rental housing affordability draining the capacity of working households to save for the future and emphasized the role of the Federal Government in “the affordable housing business” (Donovan, 2012, p. 1). In 2009, the Australian housing minister announced reforms to grow a sector of ‘commercially sophisticated’ not-for-profits to support the provision of much needed ‘affordable’ housing for low and middle income renters (Plibersek, 2009). In the current housing strategy for England the term ‘affordable housing’ is applied interchangeably to old and new forms of subsidized rental, smoothing over dramatic reforms based on reduced public funding, increased dependence on commercial finance and submarket rents for working households (HM Government, 2011, pp. 22-26). While the rhetoric of policy reform does not always mirror reality (Whitehead, 1991), patterns of provision emerging from this study suggest that over recent decades, significant public resources have been redirected into ‘affordable’ rental schemes, produced in collaboration with commercial actors. Contrary to Harloe’s and Kemeny’s conceptual models, new streams of ‘affordable rental’ favour groups deemed to have ‘income growth potential’, providing support in the medium term. State support aims to leverage commercial capital for ‘affordable’ rental housing provided through the private sector.

**GENERAL FINDINGS FROM THE STUDY**

The comparisons within this study show that market-oriented reforms of social rental housing bring forth diverse institutional arrangements that span public and private domains. An array of hybrid organisations, programmes and systems can be found, with both ‘magical’ and ‘monstrous’ identities emerging. In some cases, crossing the threshold of state and market can create opportunities for ‘gains from trade’, including arbitrage across different regulatory systems. Contemporary blends of social goals and commercial action logics can produce robust results. Market oriented reforms in the 1980s and 1990s enabled strong and experienced sectors of not-for-profit housing associations to develop in Dutch and English housing markets, mixing limited state support with profits from commercial ventures. Some with community roots, and others purpose-built to facilitate privatisation of ex-municipal housing stock, these hybrid organisations also draw on both formal and informal systems of mutual support. Over recent decades, they have undertaken major programmes of urban renewal and have contributed significantly to housing supply, both for rental and homeownership markets. While policy priorities have changed over time, housing associations are capable of assisting a range of tenant groups, some with high and complex needs, and others experiencing affordability problems.

In the more liberal settings of the US and Australia (though to some extent also in England) market oriented reforms have sought to cut commercial actors into the game at multiple levels of action. While public commitment to any form of supply-side subsidized rental housing has been minimal over recent decades, hybrid schemes bringing together mission-oriented and market-oriented actors have incentivised flows of private equity and encouraged competition and innovation. While they remain dependent on careful and consistent government regulation, new industries have emerged and new coalitions of powerful actors have been mobilized around the problem of ‘affordable’ rental housing provision. As Chapter Four of
this study concludes, this constitutes a dramatic reinterpretation of more traditional forms of
social and public rental housing.

Yet these hybrid arrangements also have a vulnerable side. While the strongest social
outcomes may come from sectors of mission-oriented housing associations, commercial market
actors, bound to maximise profits, may interpret the flexibility of hybrid status as an unfair
advantage. Thus viewed, hybridity takes on monstrous qualities, with hybrid organizations
and other institutional arrangements positioned as transgressions of the binary opposition of
state and market, leading to reform. As the contrast-oriented study of the nascent Australian
sector of not-for-profit housing providers and its large and commercially sophisticated Dutch
counterparts in Chapter One suggests, the scale of hybrid arrangements may moderate the
degree of opposition from commercial actors, with small, and liminal sectors more likely to be
tolerated in the long-term.

Monstrous hybrids may also emerge from a public accountability perspective, with powers,
assets and responsibilities that were once democratically anchored floating into uneasy orbit.
Social outcomes may be weakened as a result of concessions made to commercial interests.
Where trust in private organisations is relied upon to facilitate public goals, incidents of
corruption and incompetence may provoke intense political backlashes, threatening the
viability of entire systems. Where housing programmes or systems pursue state policy goals
via commercial market mechanisms, this may render them more politically viable, but it may
not lead to efficiency. Public funds may leak to commercial market actors. Social outcomes
such as tenure security, and even the long-term sustainability of subsidized rental housing
supply, may be severely compromised.

Examination of extreme examples of hybrid identities within this study provided valuable
insights into the potential risks and benefits of market-oriented approaches to fulfilling social
policy goals. Contrary to rationalist policy agendas that emphasise practicality and market
efficiencies, the lens of hybridity reveals serious political risks involved in this approach, of
relevance beyond the realm of housing. Problems of legitimacy or control may bring decision-
making powers back to the public sector. However, hybrid arrangements of one kind or
another are here to stay. Many of the examples examined in this study are far more moderate
and mundane than either the frame of a magical blend or that of a monstrous transgression
would suggest. Accordingly, market-oriented reforms of social rental housing may be best
understood in terms of context specific trade-offs between conflicting agendas and action
logics in the housing market. While they may not always be motivated to do so, policymakers
embarking on these reforms need to think systemically about the long-term risks and benefits
of the particular hybrid arrangements they create.
REFERENCES


5. Clinton, B. (1996), President Bill Clinton, State of the Union address, 1996


